

INSTEAD OF A MAGAZINE

Correspondence, what is left of it and has been found, between

ULRICH von BECKERATH, 1882-1969 &
HENRY MEULEN, 1882-1978,

It deals mainly with **monetary freedom and ideas on free banking**, but also with free trade, a free economy, criticism of overpopulation notions, anarchism, war and peace, revolution, liberation, totalitarianism, right and left type, racism, nationalism, tyrannicide, individual vs. collective responsibility, cooperative production, rights and liberties, philosophy, Kantian ethics, egoism, utilitarianism, atheism, Christianity, Buddhism, international languages etc.

Both were fans of Benjamin R. Tucker.

It spanned from about 1932 to 1959 (1969?) but only one 1935 letter is represented here. The rest is from 1946 to 1959.

Compiled, edited and commented upon by John Zube, jzube@acenet.com.au (02) 48 771 436, 36 Oxley St. or P.O. Box 52, Berrima, NSW 2577, Australia.

U. v. Beckerath was a man who came once very close to shooting Hitler. But then most of these and numerous other important letters and papers of his would never have been written. He was also associated with the resistance which culminated in the well-known tyrannicide attempt against Hitler on July 20th, 1944. He survived the subsequent and often atrocious mass murder, by the Nazi regime, of about 5,000 people, who were somehow associated with that resistance attempt, only because a friend of his close friend Heinrich Rittershausen managed to get access to their files at the Nazi's "Peoples' Court" and to destroy them. (See page 59.)

At one stage, as one of the main contributors to the "Four Law Drafts", he might have come to help prevent the rise of the Nazi regime and WW II: Dr. Munzer, also a contributor, was a close advisor to Dr. Bruening then Chancellor and these drafts were waiting for Dr. Bruening's signature as emergency legislation to overcome the Great Depression - and as such **they** would have worked! - when the Bruening government was overthrown through the influence of some, who feared that Bruening, in desperation, might realize some popular "land reform" plan which would have expropriated some large proprietors of land.

His main and life-long labour was the development of sound monetary freedom ideas and techniques.

This correspondence is something of a treasure chest of ideas and references of interest to many freedom and peace lovers, from two thoughtful lives.

Both were fans of Benjamin R. Tucker. Meulen knew him personally.

The friendship between B. & M. persisted in spite of their strong disagreements on many subjects.

While B. had also many strong opinions and engaged in "prophecies" or forecasts which did not always come true and made at least two proposals which would have been better left unrealized (does anybody score perfectly?), Meulen was much more opinionated and prejudiced, especially when it came to the technical details of free banking, free trade and a free society. Beckerath, on the other hand, had frequently checked his own opinion against the facts, the own experiences and those of others, historical precedents, old and new literature references and looked at his ideas from almost all possible angles, or so it seemed to me. When he had to make guesses, they were at least well educated ones. Generally speaking, he stood up more consistently for individual freedom than did Meulen. In a few cases I rather side with Meulen but mostly I am on Beckerath's side.

The subjects are here dealt with mostly only in short segments, which gives the exchange almost the appearance of a periodical. One might call it a written dialogue, but since so many references of others are included, it is more a "multi-logue", a survey of many different opinions. Because of this and because both appreciated Tucker's main book: "Instead of a Book" and his magazine "Liberty" this title was chosen here for this correspondence. (The same title has also been used and may still be used by a US anarchist magazine.)

U. v. Beckerath is insufficiently known as the author of 3 books on monetary freedom (soon to be placed on a website) and of numerous papers and letters on this subject. H. Meulen was somewhat better known, a.) as the author of "Free Banking, an outline of a policy of individualism", 1934, which is the second edition of his 1917 book: "Industrial Justice through Banking Reform" b.) as editor of "The Individualist".

The second edition of Meulen's book, 429 pages, was microfiched by me with some index notes by me and also a warning about this book by Ulrich von Beckerath, 7, April 1968, in PEACE PLANS 796.

All issues of Meulen's little Journal, "The Individualist", that I could get hold of and also my correspondence with him and some other material by and on Meulen were also microfiched by me in my PEACE PLANS series.

I have also microfiche-published thousands of pages of Beckerath's writings and many more of them are to come. Alas, most are only in German, with only few of them having been translated into English so far. But at least his three monetary freedom books were translated into English, however imperfectly. (Their French translation is much better.) In my edition of them in PEACE PLANS 9-11, I tried to eliminate most of these mistakes, as far as I could and also provided a common index to these three books. These 3 books are now available from me by e-mail, until they will appear on a website or on a CD-ROM.

The other writings by Beckerath, in my series, has not yet been indexed by me.

But an indication of his kind of monetary freedom thinking can be found in the preliminary but already long compilation of monetary freedom thoughts which is accessible on www.butterbach.net/freebank.htm A short representation of his monetary freedom ideas, largely in my own words, can also be found in my first peace book, now accessible on www.panarchism.info/

Numerous other monetary freedom titles were microfiched in my PEACE PLANS series and as many of them as possible could and should also be offered on CD-ROM and online.

I produced in 1990 a long monetary freedom bibliography, of about 124 pages, but have not yet got around to update it. It is also available from me by e-mail until it appears on a website or CD-ROM.

My main literature list and two supplementary lists are on www.butterbach.net/project.htm

The main literature list is also on my website www.acenet.com.au/~jzube together with some supplementary material.

All too little of the exchanges between B. & M. has found its way into M.'s small journal: "The Individualist", although M. believed that everything essential in his correspondence and reading had been abstracted or reviewed in it. Especially I missed, in those issues of THE INDIVIDUALIST that were accessible to me, B.'s criticism of M.'s free banking ideas. Maybe some of this is to be found in issues I have not yet seen. However, with only about 60 small pages published annually, M. could not include many contributions and filled his pages mostly without B.'s input.

B. alas, had never for long access to any periodical (the Annals, for his 3 books, excepted) and never got around to establishing one himself, although he had wished to do so from the time shortly before the Nazi regime began, in 1933. The Nazi period and the post-war years did not enable him to carry out this project. He remained largely confined to correspondence, of which probably more about 10 - 15 thousand pages remain to be digitized and microfilmed. Most of his correspondence up to 22 November 1943 was destroyed in an air raid on Berlin, with his extensive library.

The correspondence between B. & M. was, naturally, interrupted from at least 1939 to 1945.

B.'s letters sometimes amount almost to short "lectures", the only lectures he could provide as a rule, by writing letters, including his book reviews and comments on articles and clippings, with sometimes so many inserts included, that his envelopes burst.

He was usually very polite and even complimentary to the persons involved - but sharp, like Tucker, in attacks against ideas and opinions that he thought to be flawed. Usually they were. It is a pity that he had never a magazine like Tucker's and a readership like that of Tucker's "Liberty" at his disposal.

I knew B personally from 1952 to my emigration in 1959. Afterwards there was some correspondence between us, previously microfilmed by me. I may be biased in his favour, but I believe there are less flaws in his own ideas and those he preserved and transmitted, than in the ideas of most other writers of the past and present, who covered such a wide field. Most of the good ideas I know of I learned through him. Once I counted more than 200 of them.

The ideas and thinking of Meulen was, I believe, still rather flawed. But, judge for yourself the exchanges between these two long-term libertarian friends and fans of Tucker and of many of the other individualist anarchist classical writers.

B. always drew a strong distinction between letter writing and article writing and did not want segments of his letters to be published as articles but to remain characterised as mere letters. With articles he took even more care than with his very thoughtful and stimulating letters. In letters he sometimes resorted to all too general and collectivist terms like "Russia", when really meaning the Soviet regime. Here one should consider that most of these letters were written when he was old, under-nourished, sick, weak, tired or all too cold, in unheated or insufficiently heated room. Often B. could not write at all, when he was wide-awake at night, but had to stay in bed, sleepless, in an unheated room, the typewriter being too noisy for his neighbours at that time.

Taperecorders were only just becoming available in households. I once let him experiment with one heavy and large "Grundig" one that I had bought. He was not satisfied with the transcription of the record and did not continue experimenting with it. If small handy dictating cassette recorders had been available to him -- or better, very quiet computer keyboards and computers - e-mail, websites, CD-ROMs, he would have been in his element, provided heat, food, health, old age and sleep would no longer have been problems for him.

Meulen could mostly write in relative comfort and with all his reference on hand and also many reference libraries not far away. For me he is a good example of the power which false and popular ideas and unchecked premises still have even over many libertarian minds and supposedly consistent adherents of free trade, free markets, free banking and free competition for institutions, which turn them into enemies rather than supporters of the best libertarian ideas and proposals.

That an old individualist anarchist like Meulen, a student of economics, persistent reader, publisher and editor of an individualist journal, could misunderstand free banking, gold standard and monetary freedom options, population questions as well as aspects of free trade, individual secessionism and extritorially autonomous volunteer communities, even rights and duties, as much as he did, as a long-term member of the Personal Rights Association, even after many years of correspondence with a man like Beckerath, shows well what an uphill battle

lies still ahead for us, unless we do sufficiently mobilise all our resources, including especially the affordable, powerful and lasting alternative media and also realise the experimental freedom options in all spheres.

If I had done nothing else in my life than bring this correspondence within reach of everybody interested in it, then I could already consider my life as having been well spent.

Naturally, I could not sufficiently restrain myself from adding some comments. These are in brackets and marked with J.Z. and often the date. Those not interested in my opinion can thus easily go on ignoring them.

I believe that B.'s writings deal with many fundamental ideas, facts, proposals and possibilities that are all too much neglected by most other writers. Alas, he did not live to experience most of the large revival of libertarian thinking and writing, nor the rediscovery of monetary freedom ideas among academics and laymen since about 1974. But even in these new circles B.'s own writings on the subject, which I am inclined to call "classical" ones, remain largely unknown.

I have not yet got around to provide an index to this letter exchange. But it being digitized, such an index is less necessary than for ordinary print. One can always use the "find" command for certain terms that one is interested in. So, I may only get around to compile a list of words that I would recommend looking up in this exchange. But then I have already provided an index to many of the issues of Meulen's "The Individualist" and to the 3 monetary freedom books by Beckerath and these, as well as my first long and alphabetized compilation of monetary freedom ideas, definitions and opinions, can already serve as search aids for information in this letter exchange.

The single 1935 letter by B. and its following summary can well serve as an introduction to the monetary freedom parts of this correspondence.

The fact that these friends did not achieve agreement between them should make us ponder the conditions, under which such past, present and future exchanges could be more fruitful.

Both did obviously believe to have refuted the other, but could not prove this to each other. In this I believe that B. was much more right than M. - but then I am biased in favour of B., having known him much more and having been largely influenced by him from the time I was 19.

Among the improved conditions should be the permanent and affordable publishing of all monetary freedom writings, well indexed, abstracted and reviewed, also in bibliographical surveys and tabulations of their proposals, e.g. on the characteristics of their proposed exchange media and value standards.

All the uncontested views, insights and ideas should be combined, together with their proofs and references. All the contested ideas should be published together with their best refutations and references.

An association of tolerant monetary freedom advocates should be formed, pushing towards full experimental freedom in this sphere and until then trying to achieve maximum and permanent publishing for their ideas, proposals and arguments, all properly confronted and interconnected.

Naturally, there should also be established a permanent and large magazine, at least on microfiche and floppy disk but also online and on CD-ROM for further detailed discussions on all aspects of full monetary freedom, with practically unlimited pages for this discussion and an easily accessible and comprehensive library on monetary freedom, for which as few as a dozen CD-ROMs may well suffice.

A suggest a voluntary but as "total mobilization" as possible of all monetary freedom writings, ideas, references and talents, to provide monetary freedom solutions to all the major problems of our times that can largely be solved by monetary freedom.

We have suffered under monetary despotism and its many and distously large consequences long enough to finally come to the resolution to try to end all aspects of it.

But we should also establish, tolerate or even help preserve panarchies or private payment communities for advocates of central, monopolistic and coercive banking, to do their things to themselves, so that they could continue to serve as deterrent examples for all others. For man is always inclined to repeat old mistakes as if they were bright new discoveries: "Each new generation is a new invasion by barbarians!" somebody once said. Beckerath several times remarked, that communist ideas represent the "original sin" of man, I suppose he meant: against man's own rights, liberties and interests.

Realistic advocates of monetary freedom would recognize that they are outnumbered by money reformers that still try to advance one or the other form of monetary despotism. Only full experimental freedom can serve the rights and interests of all of them sufficiently. Let all of them "fight" - with arguments and experiments, not with laws, court and police actions. Only thus can progress be assured between them.

I am prepared to e-mail this correspondence in one or several files to anyone interested, upon request, free of charge, until it becomes available either online or on a CD-ROM.

I tried in vain to handle it as a single file, just over 6 Mbs, continuously numbered, coming to 1197 pages. I was stopped again and again because of shortage of memory and all my file clearing did not clear enough. The computer played up, even to the extent of offering me help - but only in Greek! And several times I lost the file of my last correction effort. So finally I split the file into 6 sections, each about 1 Mb. in RTF.

The letters of B. are in his flawed English, somewhat, hopefully, improved rather than worsened by myself. Ideally, one day, they will be turned into good English by someone.

I possess the copyrights on B.'s writings but throw them into the public domain, inviting accurate publishing of all his ideas and opinions by anyone in any medium, just like B. himself would have done.

M. never objected to reproducing his writings but rather welcomed it. His book publisher was not enough interested in his book to promote it, so in the 1990's at least there were still a few hundred copies left. But when I asked, in a large London Economics bookshop, how much they would offer for the remainder, they offered only, if I remember right, 5 % of what they would charge for the book in their bookshop!

With publishers and bookshops in that kind of condition, we can only be grateful that floppy disks, e-mail, websites and CD-ROMs exist by now, so that one can completely by-pass conventional publishers and bookshops for some of the most important books and even for whole small and special libraries of them.

Beckerath himself had kept his own letters to Meulen separate from the letters of Meulen to him. He may have had his own reasons for this. Anyhow, I followed his practice.

Anyone wanting to place all the letters chronologically or to put relevant letters together may do so easily enough on his own computer.

My main catalogue is a guide to many other writings by Ulrich von Beckerath and Henry Meulen, so far mostly only available on microfiche from me.

PIOT, John Zube

(Panarchy In Our Time or: To each the government or non-governmental society of his or her dreams!)

John Zube, LIBERTARIAN MICROFICHE PUBLISHING, P.O. Box 52 or 35 Oxley St., Berrima, NSW 2577, Australia, e-mail: jzube@acenet.com.au Tel. (02) 48 771 436. No FAX! Website: www.acenet.com.au/~jzube
LMP's website offers a 2,000 pages (almost 5 Mbs) guide to the first 1545 of the PEACE PLANS issues that LMP has produced since 1977, containing, on about 500,000 pages, libertarian and anarchist books, pamphlets, magazines, newsletters, dissertations, bibliographies, directories, indexes, essays & articles, letter, review & leaflet collections, etc., with an average of over 300 pages per microfiche: \$ 1 cash each, post-free for orders of at least 10, or 2 International Reply Coupons or \$ 2 other non-cash, with small cheques not accepted. Has any other individual published more freedom texts, more cheaply, in any medium? A supplementary LMP list for Peace Plans 1546-1779 can be found on: <http://www.butterbach.net/lmp/>

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See also: www.butterbach.net/project.htm

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CD-ROM disks, drives & burners are already wide-spread & cheap. CD-ROMs are commercially pressed for as little as 50 cents. Each can contain, zipped, 200 to 2,000 book titles. A lifetime's freedom reading on a mere 10 CD-ROMs! A complete freedom library on perhaps no more than 300 CD-ROMs!

Filling them will not only require extensive downloading & e-mailing of already digitised texts but also extensive digitising, mainly as a labour of love. Luckily, scanners have become cheap & efficient & division of labour for large jobs is an ancient invention.

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WHY?

Because it is possible now, affordable, & achievable by enough interested people.

We could use all our resources at our fingertips. We have never had them yet. On CD-ROMs they could be made cheaply & conveniently accessible & linked to current websites. In combination they could be rather useful.

Sufficient knowledge could give us considerable influence.

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WHEN?

As soon as the growing list of interested people contains enough libertarian Mbs to fill the first libertarian & cooperatively compiled CD-ROM.

PRECEDENTS, DEMONSTRATIONS, EXAMPLES:

Few will be as productive with this medium as Dr. David Hart has already been, who produced 4 CD-ROMs on his own, mainly on classical French Liberalism.

Compare Encyclopaedia Britannica & The Library of the Future, each on one CD-ROM. The latter contains over 5,000 titles, not all book-sized, but includes some freedom texts.

There are thousands of music, games & software CD-ROMs.

It's high time for more libertarians to use of this freedom of expression & information opportunity, at least for freedom texts not yet otherwise available.

PIOT, John Zube, 3rd of October 2001.

(PIOT: Panarchy In Our Time or: To each the government or non-governmental society of his or her dreams! See also: www.panarchy.org)

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Also: Research Centre for Monetary Freedom, On Panarchy, Slogans for Liberty. 1779 PEACE PLANS issues so far, ca. 500,000 pages.

John Humphreys, LIBERTARIAN LIBRARY: www.geocities.com/libertarian_library/

AUSTRALIAN LIBERTARIAN SOCIETY: www.geocities.com/libertarian_society

libertarian_aust1@yahoo.com Also: ALS e-Newsletter & ALS Forum

There arises from a bad and inapt formation of words, a wonderful obstruction to the mind.

Francis Bacon

I would rather call it a self-imposed and terrible obstruction of the mind. Henry Meulen, alas, offered all too many examples for this and he could not be persuaded to drop these wordings but, rather, built his whole monetary system upon them. - But he does not stand alone. This is also characteristic for many other money reformers, even those who generally are rather in favour of liberty. - J.Z., 30.5.03.

I have partly scanned these texts and had partly to keyboard them in. The scanned texts contained numerous flaws, omitted words, sentences, paragraphs or whole pages on which only a few letters or words were recognized. I eliminated the mistakes as far as I could, tried to improve B.'s English - with my still flawed English - but did not try to eliminate or indicate all of M.'s spelling, grammar or punctuation mistakes. You can do that in your copy, if you like.

Nor did I always indicate their paginations or stuck to their paragraph arrangements.

Sometimes I underlined catchwords they had failed to underline. A few times I put words in bold without indicating that they had not stressed them. Mostly I followed their own stresses (extra-spacing by using bold) and underlinings.

I kept Beckerath's separation of his own letters from those of Meulen. Any reader may combine them as he likes. Not all of the extras, like some letters by others and some clippings were always placed quite correctly with the corresponding letters. Mostly they are ordered by their dates.

I added frank comments, also biased ones, mostly in favour of Beckerath's point of view- and whenever I felt like expressing myself or wanted to clarify a point for myself and perhaps also for others. These remarks are added in brackets and can thus be easily recognized and ignored by those who prefer that.

That was in my first scanning/keyboarding, translation and commenting attempt, which took about 5 months. Afterwards I reread the 20 segments again, eliminating many mistakes that I had previously overlooked. That took about 10 days. I am sure that if I spent another 10 days on a revision, I could still find many further mistakes and would probably still leave many in, unnoticed by me. The Word programme does not always indicate them nor was my concentration and knowledge enough to find all of them at the first try.

But I will not try to spend further weeks on attempts to make these texts as perfect as I could. I rather expect some collaboration from those few to whom I send these texts in the expectation that they would be interested in them.

They should send further corrections to me and I will combine them and pass them on to whoever is prepared to put this exchange on his website or on a CD-ROM.

I would welcome comments by others to these letter exchanges, turning them into a "multilog" and also even more into something that resembles a magazine, with many short contributions from many sources on many subjects, through their "letters to the editor". I could at least offer to microfiche them in my PEACE PLANS series, together with this correspondence, thus helping to keep the discussion on these subjects alive.

PIOT, John Zube, 30.5.03.

Translation of a letter of Ulrich von Beckerath to Henry Meulen, 1.8.1935, the only one of this correspondence that is in my possession, copied from Rittershausen's collection. Alas, an appendix to page 1: page 1a of this letter is missing still. I will insert it later if I can get hold of it still. I either failed to copy it or mislaid it.

Meulen burnt his correspondence and B.'s files and library were destroyed in an air raid in November 1943. This letter and the following paper were previously microfiched by me with the 1896 volume of SOUND CURRENCY and some other material, e.g. a special edition by Robert Sagehorn, on Henry Meulen's views, in PEACE PLANS 350 - 354, pages 657-666.

J.Z. 14/6/81, revised: 21.5.03.

**A KIND OF INTRODUCTION
TO THIS LONG CORRESPONDENCE
BY ULRICH VON BECKERATH HIMSELF,
IN FORM OF HIS OLDEST LETTER TO HENRY MEULEN THAT IS IN MY POSSESSION
AND HIS SUMMARY AT THAT TIME, OF THE DIFFERENCES BETWEEN THEM.**

Mr. Henry Meulen,
London W 12
Boscombe Road No. 19

1.8.1935
Your letter of 30/7/35
received today

Dear Mr. Meulen,

our agreement goes still further than you express in the last sentence of your letter. Most of all, we agree upon the principles of the Personal Rights Association, which, in my opinion, will one day play an important role in the fight against communism.

One of the principles of the PRA appears to be that no one should force someone else to do or omit something when these actions or omissions have nothing to do with the security, the property, the job opportunities and the exchange with his friends and customers. To what extent is **tolerance** economically and socially possible? That is the problem proper.

Let us take an example: You know that the followers of Gandhi refuse to wear clothing that was produced by machines. Both of us hold this to be foolish and believe that Gandhi's followers harm themselves thereby. **But:** Both of us would do whatever is in our powers to defend those followers of Gandhi who are to be the victims of an attempt to force them to wear machine-woven cloth.

By now we have both reached a point in our discussion where one can no longer prove or refute anything. In such a case one should examine whether the principles of **tolerance** could be applied here.

Again an example: The Brahmans cannot ... to Englishmen ... (page 1a, is missing here - J.Z.)

Even the most extensive tolerance cannot go so far to permit the promising of services which can be fulfilled only by a happy chance. Example: I go to a lottery agency. "Here are 10 Mark. Give me one that will win." The agent takes lot No. 158 932 and gives it to me. The lot wins indeed!!! And hundred other lots which the agent

sold in the same way, do also win! Was the agent a swindler?? I say: **Yes!** And even if the chance to win were 99%, the agent could not sell them at 100%, in the same way as a merchant may not sell a length of cloth, whose length he does not know exactly, as "10 m. length of cloth!" He may only sell it as a cloth: probably 10 m. long.

These considerations appear to me applicable to the option clause. Some years ago, in a book whose title I have forgotten (I must confess that then I did not recognize the full importance of this subject), that some Scottish banks - or were they English country banks? - had the following option clause on their notes:

Redeemable in silver, upon demand of the bearer, in case the bank is sufficiently supplied with silver. In case the bank has no silver, it will pay interest on the note until the day of its redemption. The bearer is also authorised to demand the surrender of a corresponding part of those securities upon which the bank has issued the notes.

This is a good clause! The bank does not promise any more than she can fulfil. The government should never have prohibited such a clause.

But those option clauses by which the bank obliged itself to pay at a certain date were of quite another kind. The chance (end of page 1b, beginning of 1c) that the bank can keep its promise, may be estimated to be 90%, or 95%, or 99% or even 99.9% (too high!!), but one cannot estimate it to be **100 %**!! Consequently, the bank may not promise to redeem the notes after 6 months.

Perhaps you are of the opinion that such a point of view would be what one calls in German: "Haarspalterei" (hair splitting). That is a matter of opinion!!!

I would like to draw your attention to another important circumstance which so far was not sufficiently noted in the theory of convertibility (redemption, metal cover). At the same time as in Scotland, in England and in America, the option clause was frequently applied, the SILVER CURRENCY and not the gold currency prevailed generally. I still remember the old Prussian "Thalers", which circulated here up to the year 1907. On them was written: "30 equal one pound of fine silver". Thus, whoever received 30 Thalers, had to carry home one Prussian pound (500 grams, while an English pound is only 453,6 grams), and in addition to that he had to carry the copper admixture. A public servant who received his monthly salary in silver coins, risked torn pockets on his way home. The payment of somewhat larger sums of money in silver was considered as an unfriendly act. The public wanted paper!!!! Under such circumstances it was, naturally, quite considerably easier to keep notes in circulation than when the bearer of a note can demand gold. Whoever, in the year 1763 wanted to redeem at any bank notes amounting to 1,000 pounds into silver, would have had to bring a suitcase or a backpack along, perhaps even a wheelbarrow. That was, indeed, a strong obstacle. But, 1,000 English pounds in gold are another matter. In an emergency one can transport them without a suitcase and could fit them even into a briefcase. (End of page 1 c.)

To sum up: I have nothing against option clauses. Only they must not promise more than the bank can fulfil, especially when the redemption is to be made with **gold**. Any bank which would promise **more** could, in my opinion, not be considered as an **honest** bank, not even within the most tolerant community.

Indeed, in your book you have nowhere expressed yourself against an option clause which confines itself to an obligation which the bank can fulfil.

The question is now only which procedure is the most **advisable** one, provided one
a) wants to take the first step to abolish the crisis - which both of us have recognised as a monetary crisis - and
b) wants to prevent the recurrence of the crisis.

Here something else has to be taken into consideration, something that appears at first to be rather strange. Nevertheless, two very sharp minds, quite independently from each other, perceived it: namely W. B. Greene - who was made known again by your quotations - and Zander. This consideration is the following:

Should one not draw **the last** conclusions from the reasons which speak against the redemption of banknotes on sight??? Does not the same apply to **every** debt relationship what is right for the debt relationship between the bank and the note holder? Is it right that an individual promises to pay money, although it may happen that money will have disappeared from the district in which the individual resides??

Furthermore, are laws rightful and to be upheld as part of a legislation based upon honesty, clarity and reason, which attempt to enforce what has been found in the special case of the "redeemable" banknote to be dishonest, unclear and unreasonable?? (End of page 1d).

In other words: Should the system of "exclusive currency" - as Greene calls it - be preserved? On pages 14-17 of issue I/1934 of the "Annals" I have examined this question - or, rather, touched it. You have touched it on the top of page 241 of your "Free Banking". Still **very** much remains to be said on this. But I will not do so now and, instead, return to our special subject.

I proceed from a condition which really exists now, in the largest part of the world, in as differently governed countries as the USA, Russia, China, Japan, etc. Let us take an example: In **Indiana** the depression is especially severe. There was a very abundant harvest - and consequently the inhabitants of Indiana starve! What is to be done? Presently, conditions are like in times of war: The government accepts tax payments from the farmers in form of produce and distributes these to the unemployed. Now let us assume that all the laws, which do not allow the inhabitants of Indiana to undertake an effective monetary self-help measure, were repealed. Let us further assume that the inhabitants of the capital Des Moines want to make a beginning and ask **you** for advice as well as **m e**.

You would then (if I have understood you right) answer:

Your banks should supply themselves with **gold** and issue redeemable gold-notes, as I have described in my book and in my letters.

I would answer: Your employers should begin to pay their expenses, especially for your wages, in goods warrants, which would contain the well-known text and, among other things, the following clause:

The issuer makes no difference between his own goods warrants and gold coins when somebody buys something from him. Thus this clause would run somewhat like:

"We, the bread factory Ward at Des Moines, supply for this goods warrant \$ 5 worth of bread, exactly as much bread as we would supply for \$ 5 in gold (five times 1,50464 grams of fine gold)."

(End of page 2.)

This the bakery could do within one hour after the prohibitive legislation has been repealed. After another hour the improvement in the economic conditions of Des Moines could already be considerable.

On the next day the most varied issuers of goods warrants will ponder: How can we combine into a community so that not 100 different kinds of goods warrants circulate in Des Moines but less than 100, &, if this is possible, only one kind?

On the **second** day they will have brought about such an association.

How such a thing functions in **p r a c t i c e** was described by John DeWitt Warner in his brilliant "The Currency Famine of 1893" in the magazine "Sound Currency", year 1895 or 1896. (It appeared in both years.)

Thus my advice amounts to doing that what our fathers have done in the year 1893 - and, by the way, to a still larger extent in the year 1907.

What would the inevitable answer of the inhabitants of Des Moines be to **you**???

Our banks should get themselves gold? **Perhaps** that would work very well - but, **how could** they do this??

We cannot **wait** until they have, perhaps, succeeded. We want to eat **today**, we want to pay our rents **today**. Your proposal is right now, technically unrealisable.

That would be their answer to you.

(J.Z.: I either read it somewhere or my mother reported it to me: Those tenants in Berlin, who, during the Great Depression, could no longer pay the rent and were thus put on the street by their landlords, managed sometimes to live in tents in the parks of Berlin, obviously tolerated there by the police, because of their plight. Not everywhere else was and is the police as tolerant towards the homeless, in such locations. - J.Z., 21.5.03.)

You might perhaps reply: Immediately unrealisable - that may be! But, in a year or in 10 years my proposal can be realized and **then** it is the best, which you could accept.

And now we come to the point where proof and disproof is impossible. You say: **Runs** upon private note issuing banks have no great practical importance **today**. **Today** one could consider the danger of a run to be zero.

I say: **Runs** upon private banks of issue are today as well possible as they were previously.

You say: **If** it comes to a run then the option clause will suffice.

I say: There are cases in which the option clause suffices in a run and there are cases in which it is **not** sufficient. One may not apply the option clause before one has distinguished between the two.

You say: When the option clause comes into operation then, what gives value to the note, in spite of the option clause, is the hope of the note-holders for a redemption in the **future**.

I say: **No!!!!!!!** What gives value to the note, even after the option clause comes into force, that is the possibility to use it, **immediately** in the stores. If **this** opportunity does not exist, then the note will fluctuate so much in its value and will, moreover, depreciate that much, that it can no longer be a means of payment.

None of us can **prove** his opinion.

Nevertheless, your highly readable descriptions in "Free Banking", page 21, beginning with the words: "The employers" etc., and ending with "... to accept the notes", do not leave me without hope that one day we could, nevertheless, agree upon this point, without proof and without refutation.

You say: Even after the option clause comes into force, the **confidence** of the note-holder in the banker is essential.

I say: After the option clause is applied, the confidence in the banker becomes the most unimportant thing. Moreover, then it is mostly equal to zero. However bad the banker may be, if only sufficient storekeepers (end of page 4) accept these notes like they would accept gold coins, and give for a pound note as many goods as they would give for a sovereign, then the public is quite indifferent towards the banker.

I speak here of shops. An equivalent to the shops is, naturally, the administration of a town which declares: "We accept the notes in tax payments in the same way as we would accept gold coins." The same applies to a landlord who would say: I accept these notes like gold coins. I need not multiply these examples.

You might perhaps object: But what if the shopkeepers have no confidence in the banker?

I reply: If the shopkeepers have no confidence then it **could** happen that they will not accept the notes. But if the shops are **indebted** to the banker then the confidence of the shops does not matter at all. The debtor need not have confidence in the creditor. The debtor has only to **pay**. The shopkeeper may consider the banker to be the worst kind of scoundrel. He may believe that his vaults would contain sand instead of gold. Nevertheless, if the storekeeper owes the banker 5 pounds, then he will accept notes of the banker amounting to 5 pounds and pay his debt with them. And if, moreover, the banker says right away in the loan contract that the shopkeeper has to accept the notes at par and has to pay his debt with the notes received by him, then the shopkeeper will accept the notes from any buyer and under all circumstances.

It may happen that not the shop itself but the factory is indebted from which he is supplied with goods. As long as this factory is indebted everything remains as I have explained above.

Thus I say: It is not the gold treasure of the banker or the confidence in the banker that allows notes with the option clause to circulate at par
(end of page 5)

but the debt relationship between the banker and his customers is the cause - and the obligation of the customers to accept the notes at any time at par.

It appears that in old Scotland the acceptance of the notes at par by the debtors of the bankers was not expressly included in the included in the loan contracts. Merely "good trading customs" were applied. It would be very important for the history of banking to clarify this point. But for the public it does, naturally, not matter at all whether the debtor of the banker accepts a note because he **has** to or because he does so voluntarily. (The Four Law Drafts want to oblige the debtor to accept the notes, like gold, and prohibit a discrimination between them.

You continue to maintain: The gold stock of the banker increases the confidence in him.

I state: This increase is so unimportant that the refusal of **one** newspaper vendor to accept the notes at par could undermine this confidence more severely than 100,000 kg. gold in the vaults can serve to restore it.

I hold: As the possibility to use the notes in the shops like pieces of gold is the real basis of the value of the notes, the banker must not grant any **long term** loans, that is, such loans in which the debtor may rightly say: I, the debtor, will accept the notes at par in my store or in my factory only when I am finally obliged to repay my loan.

If the banker, **nevertheless**, wants to provide long-term loans, then he must have a **guarantor** who would place him in the same position as if he had granted a short-term loan, that is, a guarantor, who will accept the notes at any time in his store like gold

(end of page 6)

although the guarantor has not taken up a loan.

Our views diverge especially for apart in this different concept of short-term and long-term loans. You favour especially long-term loans in many passages of your book and you demand **no** guarantor. I demand him.

I still want to clear up one small misunderstanding:

I do not think of any **obligation** of traders in gold (gold smiths) to accept notes in payment for bullion. I only-hold that once gold traders are no longer prepared to accept the notes of a certain bank at par, then this should be a signal for the bank and that the bank should then ascertain the cause. Probably it will be found that the bank has given the gold merchants just cause to value the notes of the bank less than those of other banks. I go further and say: the refusal of the gold traders should be publicised. Then it will be found whether the gold trader was right.

You say: But the old Scottish banks **were** organized precisely according to the principles whose validity you doubt.

I say: The old Scottish banks only seemed to be organized according to these principles. Several other factors preserved the value of their notes, factors which the history of banking (least of all that of Kerr) have not yet taken into consideration. First of all, one could pay one's taxes with these notes. That was **very** important. When I know that the tax collector will take my notes, then I do not ask whether the banker has gold or not or whether he grants short term loans or not.

(End of page 7.)

Moreover, the assets of the note-issuing banks were much larger, at any time, than their note circulation. What does this mean? It means that there were in reality very many debtors of the bank who gladly accepted the notes at par or even **had** to accept them, even if some of the debtors had taken out long term loans. I assert (without being able to prove it): If one were to search in the archives of the old Scottish banks, then one would find that the ready-for-sale goods or services of the debtors of the banks at these times were worth more than the note circulation. **For this reason** the long terms of many of the loans were harmless. (Nevertheless, a better system would have been possible.)

We do agree on this that the present crisis is, essentially, brought about by an "insufficiency of money". What I desire, what the Four Law Drafts aim at, etc., that is not simply an "increase of the volume of money", but, instead, independence for all those who desire it from a situation of much or little money in a country, from a fast or slow circulation, from hoarded or quickly spent money. Thus our aim goes much further. But perhaps we agree also on **this**.

The right to make oneself independent, up to the limit of what is technically possible, of all money hoarders and money exporters - was derived by me from the principles of the PRA.

Now only the following questions remain:

- a) HOW does one do this and
- b) WHICH would be the BEST way to do this?

Under our eyes a very important event is in the making: The rise of Russia against the Soviets. Such an insurrection becomes technically possible only when those who rise also provide themselves with a payment system;

(end of page 8)

and it must be one that functions **immediately**, i.e. within 24 hours.

Does your system offer that??????????

Please consider that the **beginnings** of this insurrection, namely the numerous issues of cooperative money a few weeks ago, were arranged **without** gold and have apparently functioned quite well. Otherwise the wrath of the men in power in the Kremlin would not have been as great.

The laws of England, and those of all countries in the world, grant creditors even then the right to demand legal tender when all legal tender money is hoarded. In my opinion this is one flaw in these laws. In my essay I attempted to clarify this defect. I am pleased to hear that you have dealt with the legal tender problem in your book. I would be still more pleased if, in the third edition (which will become necessary), you were to extend your examination to the following two problems:

- A) What means legal tender for the debtor in case all legal tender is hoarded? In other words, what could a debtor "force" upon his creditor in such a situation?
- B) What can a creditor rightly demand when means of payment are scarce in a country, when e.g. all legal tender is hoarded?

These are important questions which no legal man has so far answered.

(End of page 9.)

I see that I have already arrived on page 10 of this all too long letter.

Summary:

With the brevity, clarity and distinction that characterises all that you write, you have stated in **one** sentence the main difference between our opinions:

You say: "Before we accept inconvertible private money, we must have some knowledge of the standing and future prospects of the **issuer**."

I say: **No!!!!** and I add: Theory and practice speak **against** this principle!!!!!!

We must be informed about the situation of that person who **accepts** the notes, more correctly, of the situation of the one from whom we want to **purchase** something for the notes.

The situation of the one who **issues** the notes, does not matter - at least not for "the man in the street", whose readiness to accept the notes we have discussed."

With best greetings, yours sincerely, U. v. Beckerath.

SOME DIFFERENCES BETWEEN THE MONETARY VIEWS OF MEULEN AND BECKERATH

Compiled by Ulrich von Beckerath in German, on August 12th., 1935, elaborating on his above letter to Meulen on August 1st., 1935.

Prof. Heinrich Rittershausen marked this translation with "GOOD!". But it is only a rough translation by me, J.Z. It is intended to transcribe the German text as well, legible for a microfiche issue, for German readers and in the hope that some better translators will appreciate these thoughts which are of the greatest importance for all current efforts to denationalise money. J.Z.,15/6/81

1.

MEULEN: The first requirement to keep the **value** of paper money **constant** is the confidence of the public in the issuer.

BECKERATH: Confidence is a highly unreliable and therefore bad foundation for value.
Good paper money must be issued with methods, which assure that its value remains preserved even in cases of suddenly occurring and widespread distrust.

2.

MEULEN: Even for the first issue of paper money **confidence** is necessary, the confidence in the **convertibility** into metal (gold or silver).

BECKERATH: Indeed, that one can **begin** an issue based upon a confidence in the redemption of paper money into gold or silver, has been proven by experience. However, that one can just as easily - nay even much more easily - begin with an issue of paper money based upon the readiness of shops and similar suppliers - to accept the paper money like rare metal coins, that has also been proven by a long and very extensive experience.

3.

MEULEN: It is (although perhaps not morally but, nevertheless, in practice) permissible to keep the redemption fund smaller than the sum of the issued paper money.

BECKERATH: Exactly the contrary is right. Morality and religion have declared for over two centuries that a less than 100 % metal cover is permissible. In **practice** this system has failed. Moreover, it has even quite significantly contributed to the crisis.

4.

MEULEN: The fact that banknotes circulated in Scotland at par and without difficulties, even after the option clause was resorted to, proves that the promise of **future** redemption suffices to preserve the value of the notes and their capacity for circulation.

BECKERATH: Post hoc, ergo propter hoc!! Assume that the Scottish **church** would have blessed the notes before they were issued: Would this oblige anybody to believe that the ability of the notes to circulate depended upon this blessing??????? The notes circulated without difficulties at par because the **merchants** of Scotland and the **farmers** accepted the notes a par. And why did they accept them at par? Because they were **indebted** to the banks and could and had to pay their debts with these notes at par! The redemption fund was right from the first day as unnecessary as the **blessing** by the church would have been. Moreover, the fund was as **harmful** in its way as a **blessing** would have been in its way - for the notions of the people would have been confused thereby.

5.

MEULEN: The **risk** of the bearer of the note consists in the fact that the bearer may not get the gold or silver for his note upon presenting it or only after 6 months.

BECKERATH: The **risk** of the note holder consists in the possibility that the merchants around his residence will not accept the note like cash.

6.

MEULEN: The risk of the note holder can be compensated for by means of an interest rate, of approximately 1/2 % per month, **whenever** redemption upon presentation would not be possible.

BECKERATH: When merchants and farmers will **not** accept the note at par then even a much higher interest rate will not suffice to counterbalance the discount of the notes which will **then** occur. Experiences have been gathered on this.

7.

MEULEN: I maintain my point: The **redemption** (immediate or postponed) is the essential foundation for the value of notes. (J.Z.: Meaning: metallic and specifically rare metal redemption, not counting redemption in goods and services at all! - J.Z., 21.5.03.)

BECKERATH: I maintain mine: The indebtedness of the merchants and farmers to the note-issuing banks and the reflux (of the notes) following from this, combined with their "shop foundation" is the essential basis for the value of the notes.

8.

MEULEN: The obligation which a bank of issue imposes upon its debtors: to surrender for notes as many goods or services as for gold, has only a very minor economic effect.

BECKERATH: This obligation, imposed by the bank upon its debtors, is of **very** great economic significance. The insistence upon this obligation enables the note-issuing banks to grant as much in credits as its debtors possess in goods whose sale is assured. Besides, this obligation assures the par value between gold and notes as perfectly, nay even better, than a 100 % cover of **all** notes by gold. It is this obligation which enables the bank to begin its note-issuing business and to maintain it - without possessing even a single gold coin. This obligation turns every **run** into an **ADVANTAGE** of the debtors of the bank and of the bank itself, since the run can only be directed towards the shops and not against the bank.

(J.Z.: And the debtors want to sell as much as they can and can pay their debts to the bank with the notes of the bank they received in this run. - J.Z., 22.5.03.)

9.

MEULEN: One can provide for a paper money with constant purchasing power.

BECKERATH: A paper money of constant purchasing power is technically impossible.

10.

MEULEN: A paper money with constant purchasing power would be very useful.

BECKERATH: Even if it were technically possible - the economic harm done by a paper money with constant purchasing power would be much larger than its usefulness.

11.

MEULEN: When the general price level has changed, then it does not matter whether the price changes originated from the side of the goods or from the money side, whether they were caused by crop

failures or a flood of money, whether through abundant harvests or through money shortages. The ideal is always: the creditor receives money with constant purchasing power and the debtor pays with money that has constant purchasing power.

BECKERATH: When a crop failure occurs, then it is only fair that the creditor is disadvantaged by it to the same extent as the debtor is, in other words, that the prices **rise**. And if a very abundant harvest occurs then it is only fair that the creditor gains the same advantage from this as the debtor does. In other words, the prices should fall in these cases. Gold, especially, permits to account for changes in the purchasing power of money which were caused from the goods side, with an exactness that is sufficient for the practice.

A money of constant value would be the same for the economy as a 'balancing tank' of a ship that works 100%, even in the open sea. It would mean that the ship would not give way to **any** wave or any storm. For a while one could be quite comfortable in such a ship and then the waves would destroy it.

12.

MEULEN: The English government has the right to declare any good to be "legal tender". It may even declare a paper, which it considers to be of constant value, to be legal tender. The government may change any debt contract as it pleases. It may declare silver, copper, anything at all, to be legal tender, upon its discretion. Knox and Knix **may not** conclude debt contracts with each other in which a certain good, which Knox and Knix consider to be suitable, is to be supplied as agreed upon.

BECKERATH: Such things were intolerable even to the Turks under the Sultans, for they rose when the Sultans went too far. How much more in accordance with freedom and voluntarism is the old law passed by Frederic the Great, according to which even in case of devaluation undertaken by the State, the creditor, nevertheless, was not to receive any less in **weight** of silver than before! Does the Personal Rights Association teach such a slavish submission to the current English government?

13.

MEULEN: The French government was quite in its rights when once it declared the **Assignats** to be legal tender.

BECKERATH: King Louis XVI. was appointed as a **guardian** of the currency, not as its destroyer. The compulsory acceptance for Assignats was the beginning of his downfall. Prussian paper money, on the contrary (and with the exception of a few weeks at the time of Napoleon I.), had **never** forced currency (compulsory acceptance at a forced value: legal tender) until Havenstein realized legal tender in 1909. France's money shortage could have been abolished in a very simple way: by the introduction of "free banking". The king could have received his taxes very well in private banknotes.

(J.Z.: All central banks were given great and abusable powers and privileges as "guardians" of the national currencies and all of them have failed to sufficiently guard their currencies and have abused these powers and privileges, legally or illegally. Thus by now these central banks should be deprived of their powers and competed out of existence. - J.Z., 22.5.03.)

14.

MEULEN: A country requires a certain minimum of gold so that its economy can function.

BECKERATH: A currency must be so instituted that the economy is not disturbed even once the last piece of gold is exported.

12. 8. 1935

Bth.

LETTERS OF ULRICH von BECKERATH TO HENRY MEULEN, 1946 - 1959

(By the man who thought himself somewhat responsible for WW II. See page 59. Letter of 4, II. 1949. He did have a small chance to kill Hitler - and did not use it. - J.Z.)

It is possible that B. corresponded with Meulen almost to his death - but, unfortunately, I do not have any of his letters to Meulen from 1959 to 1969. They may be still buried among the remainder of his post 1943 library, in Berlin. Alternatively, B. had given up corresponding with Meulen in 1959. That seems likely from the spacing of the last letters here reproduced.

They are slightly edited by me, upon retyping or proof-reading of the scanned text, to eliminate some of his English mistakes, hopefully without introducing too many of my own. - Ulrich von Beckerath, 1882-1969, did not like his **German** writings to be "corrected" or altered or editorially improved - because he had spent much time and thought upon them and, by his own high standards, had optimised them. However, he did not mind help with his English and was grateful to Meulen for the few "translations" he made of his texts into proper English. Thus I dared to try improve them as well, although not very carefully, just while digitising these letters and in spite of being still not as fluent in it as Henry Meulen was, who, unfortunately, included only all too few writings of von Beckerath in his THE INDIVIDUALIST, especially on points in which B. differed from M. on the subject of monetary freedom. - Note also that B. was usually extremely polite and generous with his compliments towards those whom he did appreciate in one way or the other. He had even some praise for some of his enemies, when he thought they deserved it. - J.Z., 7.1.2003.

U.v. Beckerath,
(1) Berlin-Charlottenburg,
Neidenburger Allee 16,
care of family **BLOESZ**

1. 12. 1946

Mr. H. Meulen,
31 Parkside Gardens,
London, S.W. 19

Dear Mr. Meulen,

I received

- 1.) Your letter of the 16 August 1946,
- 2.) You letter of the 8 November 1946.

I hardly conceive why your letter of the 16 August did not reach me. You used the exact address of my employer and indicated even the number of the room in which I work, and yet the letter distribution department of the house sent the letter back to London!!

And I am by no means unknown at the house. I find only one explanation:

The men and women are member of the United Socialist Party (merely communistic) and I am not, and also declined membership officially, some time ago. Perhaps you think that **such** reasons should not be taken into consideration. I can only answer: they must, in this case. -

I beg you to try once more to send to me a number of the "Individualist". Please use the address above indicated. But do not join the issues to a letter, but send them as printed matter.

I received the number of October in this way and it was a **very** great pleasure for me.

Concerning price control: I am still convinced that besides war, earthquakes and great diseases, such as pestilence and cholera, there can be no greater disaster for a country than price control. And if price regulation is joined with

currency folly, as it is in nearly the whole world, then Negroes in the thickest jungles at the Congo, where are neither prices nor currency, live better, more cultivated and less troubled than the so called civilised nations.

Before the war I was an adherent of the gold currency, now, after so many years of paper currency with all its terrors, I am a fanatic of the gold standard though not of the gold standard model of 1913.

I am convinced that Germany could buy food, new machines for the machines taken on reparation account, clothing and what she wants, if Germany would offer the sellers a gold basis. Even under the present state of affairs that would be possible and even easily possible. I think, that Zander explained to you the ideas which our little circle, authors of the 4 bills, worked out already in 1933. If I would not have to work so excessively (I must reduce my sleep to 6 hours a day), then I would write some articles in one of the papers controlled by pro-reason editors, say the "Tagesspiegel", the "Kurier" and such papers. I am pretty sure, that they would be printed. But never in my whole life did I suffer such a lack of leisure time as now. (They were not reasonable enough ever to accept his submissions! - J.Z., 7.1.03.)

If I had the pleasure to see you, if you visited Germany, that would be the realization of a hope of many years.

Today I have not the time to write to you about Zander and his interest in Jewish mysticism. I was **very** much surprised, that the very logically thinking Zander, that such a matter-of-fact man, has anything to do with mysticism. I hope to be able to write to him. What you write of Hitler's crimes in treating the Jews is perfectly true, but if governments have no programme that is a **real** programme, they begin to persecute any class of the people -- the Jews in the greatest part of Europe, the Koreans in Japan (where they were accused to have caused the conflagrations after the earthquakes of 1923), the Germans in the USA (before the war and, I am afraid, the more after) -- but the world's history is full of examples.

I hope to be able to write to you next Sunday.

My best regards to you - signed: U. v. Beckerath.

U. v. Beckerath,
(1) Berlin- Charlottenburg 9.
Neidenburger Allee 16,
care of family Bloesz.

7. Dez. 1946.

Mr. Henry Meulen,

Dear Mr. Meulen,

My economic programme for Germany:

- 1.) A free trade in gold and silver should be permitted; that means abolition of every restriction in the possession, transfer, importation and exportation of gold and silver in form of coins or in any other form.
- 2.) A free trade in money of any kind, in foreign bills, bonds, scrip, securities, etc.
- 3.) Permission to use gold or any kind of standard or measurement of value in the determination of prices for goods (bread not excluded), services, (hired labour not excluded) and debts (leases not excluded).
- 4.) Permission to publish offered, demanded or really paid prices or quotations for gold, expressed in paper money of any kind, or for paper money of any kind, expressed in gold, also for goods, securities or any other thing, expressed in any standard or measure of value.

5.) Repeal of all restrictions of the stock exchange, of the money exchange or any other kind of exchange; permission to do business in options or futures.

6.) Abolition of the forced currency, repeal of all laws, old and new, by which people are compelled to take paper money at par or at a prescribed rate for gold. (Forced currency was introduced into Germany as late as September 1914.) (The law on legal tender came into force on 1.1.1910 but gold redemption for a while and was ended with the beginning of WW I. - J.Z., 7.1.03.)

7.) Settling of all taxes in gold, including the taxes for reparation purposes. The financial authorities stipulate from to time a rate for paper money, bank-money and other means of payment, accepted from tax-payers, by which is known the quantity of such means of payment accepted instead of 1 gram of gold.

8.) The quotations of war loan bonds and any other security certificates emitted by the Reich, the States, the towns, etc., will be statistically observed, and if, for a period of three months the quotations are not higher or lower than 5% of the average quotation, the shares are converted into gold shares on the basis of the average price or quotation. (I disapprove all arbitrary relations of the quotation or value of the old loans to the presently used currency or to the future currency.)

9.) Certain taxes should be selected to be paid not in money but exclusively in securities of the loans of the Reich, the States, the towns, etc., especially all property taxes, death duties. etc.

10.) English or American Corporations or both, which, by nationality, are not exposed to requisitions for reparation purposes, and others, erect factories and other enterprises in Germany. These factories and enterprises are considered as extraterritorial; are submitted to no tax or duty, but have free communication to England and to America, are also free to employ English or American workers or others. (I see no better and even no other way to supply the Germans with bread, shoes, nails, clothing, tools, umbrellas and so many things, which are not on sale now for three years.)

The factories and enterprises must have their own and sufficiently armed police: A very essential point.

Some of the factories may perhaps use "second-hand machines", which will be cheap enough in England or in America. The Industrial plant in Germany is presently in no better condition than a plant equipped with English second-hand machines would be.

The products of the factories have free admittance to any German place. That can be agreed by private treaties with the governments of the newly organized States.

11.) Every price control for goods or services, hired labour included, is at once abolished.

12.) Every law, regulation etc. by which people are prevented from using their faculties or their property in any manner they themselves think to be the best, are at once abolished. The laws concerning labour-passports are repealed.

13.) Free thought, speech and any kind of expression of opinions or any kind of learning other people's opinions are permitted in the same manner as they were in 1929, at least concerning economic matters.

14.) Bills, securities and obligations of any kind, in which there is no redemption promised but merely a promise is given to accept them for their nominal value at a fixed date or a fixable date in payment of debts or goods or services of the issuing corporation or enterprise are permitted.

These would be the most urgent measures.

I still have very much to write to you, also about your private affairs, of your unique library, which the war destroyed -- oh, what a pity, what a pity !!!!

But my daily work is go excessive, that I must work on Sundays as on others.

Most kind regards to you

signed: U. v. Beckerath

Lack of time prevents me to talk about my political programme whose essential feature would be:

Dominion status for the newly organised German States, English princes as governors or an English prince as Chief governor for all States together.

Bth.

Re-reading this letter I find that I omitted an important point at No. 8:

Not only the shares should be treated in this manner, to find out their real gold value, but also the circulating paper money. The price of gold, expressed in paper currency, should be quoted every day. After some time the quotation will be a constant number, supposed that the quantity of the circulating paper money is not considerably increased or diminished. If in the course of three months (or so) the highest and the lowest quotation did not differ more than 5 % from the average quotation, then a new currency should be created, equivalent in value to one gram of gold.

The conversion can be performed in the usual manner if an old kind of currency shall be replaced by a new one: The financial authorities, the railways, the post office etc. keep the received old currency, in this case the Hitler-Mark, and destroy it. They make their payments by the new currency, whose denominations may be 1/4 gram, 1/2 gram, 1 gram, 2 grams, etc. of gold.

After some weeks the traffic purified of the old currency without the trouble of a conversion action at the counters of the banks etc. And the value of the new currency, expressed in units of the old, is **found** and not **ordered**.

The public takes the proceeding merely as a denomination and not a conversion by depreciation.

Bth.

27.11. 1948

Dear Mr. Meulen,

in the common note of the Western powers to Bramuglia is demanded:

- 1.) Influence (control) of that part of the Bank of the Soviet-Zone which operates for Berlin,
- 2.) guaranty of sufficient bank- and credit-facilities for the whole territory of Berlin without regard to the limits of the sectors,
- 3.) supervision of export - and the export licences to be granted by the magistrate.

(I cite the text today published by the daily "Der Kurier", a French licensed paper.)

I think that in these times the adherents of free banking should contribute something to solve the Berlin currency question, although the probability of being heard may also be very moderate.

"The man who possesses a clear program will win", is an old experience. I think that free banking men are the sole economists who are able to represent a quite clear and constructive programme. The propositions of the others do not deserve the name of a programme, being a compromise of the worst monetary plan so far known in financial history, that is still the currency law for the Western sectors and the communist currency principle.

The free banking men of Berlin have no right to speak up; if they had, they would demand:

- 1.) The right of issuing notes should no longer be a monopoly.
- 2.) The old German paper currency rule, confirmed by many laws of many German States - "paper currency shall never be a forced currency" - should immediately be restored. It is forgotten that this rule was abolished not before the 1. 1. 1910, when the notes of the Reichsbank became legal tender.
- 3.) Banking business should no longer be a monopoly or dependent upon permission by the magistrate. (Banking business in the sense of lending money, accepting deposits, granting clearing accounts and other business belonging to the above-mentioned.)

What is here demanded are no privileges for bankers but rather rights for workers. Bankers and bank institutions, as they have been until now, have proven to be incapable of supplying the workers with currency sufficient to enable the frictionless exchange of labour among the different classes of the working people. Banking institutions of today totter between inflation and deflation without knowing where the limit of the one or the other is to be drawn. They are to be excused, for nobody knows these limits under a system of forced currency. The amount of "West-mark" in the Western sectors of Berlin is now 200 per capita, but was less than 100 per capita in Germany before the Nazi government. Considering that in West-Berlin more than 3/4 of the wages, all rents and the greatest part of the victuals (food requirements - J.Z.) are legally paid in Eastern money, obviously, there is inflation in the Western sectors of Berlin. Nevertheless, money is very scarce in these sectors, so that many firms now pay their employees two times a month or weekly, who before the currency- "reform" paid them monthly.

Personal and political liberty are in the long run impossible, if the worker is not able to exchange in small parts, of equal amounts (as money is subdivided [denominated - J.Z.] his labour against the labour and goods of others. Under the present system of note issuing and banking such an exchange is either impossible or depends upon the good will of two or three men, who are not duller than others but who are vis-à-vis a task like that of shooting a bat in a great dark stable (as one of the German economists called it). (Never forgive them - for they do not know what they are doing to us and do it nevertheless! - J.Z., 22.5.03.)

Only abolition of the "cours forcé" of paper money can help and introduction of a free market for every kind of paper money, the word "free market" taken in the sense which it had in the 18th and 19th centuries.

To bring the system of free banking to its fullest extent, the right of every group of workers to choose any person of their confidence as their note-issuing banker should be expressly acknowledged. The readiness of the workers to accept the notes as payment for their services should be acknowledged as a sufficient cover of the notes. The free exchange rate of the notes and the right of everybody, except the issuers, to refuse their acceptance form the most effective barrier that is imaginable against the misuse of not-issuing, much more effective than any governmental control.

Inflation is technically impossible if the means of payment are submitted to free market rating. A means of payment, whose rate is 99% instead of 100% is refused by the public.

Inflation is possible only with the help of a forced currency.

(Since the end of WW I some economists used the word "inflation" simply in the meaning of "dearness". Now this misuse of the word "inflation" has become almost general in the whole world, although the old sense is not yet quite forgotten in scientific literature. It is not superfluous to remember that the word is taken from the slang of the butcheries of Chicago in the American Civil War. It meant the practice of the cattle-dealers to give the cattle firstly salt, as much as they liked, then to let it become thirsty and then, immediately before delivery to the slaughterhouse, they gave them plenty of water, to increase their weight.

Nobody has a right to bring as good, distinct, old and generally understood words as "dearness" in English and "Teuerung" in German into disuse. The distinction between the two different facts depends upon the use of the suitable words.

Inflation simply means the augmentation of forced currency beyond the amount accepted by the economy, if the paper money were not given "cours forcé".

Dearness is the consequence of bad harvests and similar causes. It is, as all elder economists pointed out, in itself the best means for a return to normal conditions because dearness -- of course -- encourages production and trade. Adaptation of wages to dearness is no obstacle to a rapid return to normal conditions. Wages do require today in England (and in Germany before the Nazi-regime), about 50% of the national product. If wages are doubled, prices increase therefore only to 50%. If then the wages are increased by 50%, prices rise then only by 12.5 %, . If wages are then increased by 25%, the price level rises only about 6% and so on. That may be called a "spiral, but it is not a "spiral without an end".)

The free market of the notes must be acknowledged as the right of every worker to judge about the value of the notes himself and to risk his own property when he accepts the notes for a value over par or agrees to a discount when he pays with the notes.

The right to form a group for the issuing and the acceptance of notes is to be acknowledged as a part of the right to associate for any non-criminal purpose.

The right of free banking includes the right to possess and to legally transfer any material fit for measuring value or serving as a means of payment, gold, silver or other materials always having been used in the economy. The laws of the Western Powers that prohibit the possession or the transfer of such materials are to be formally repealed.

The above right includes the right to subdivide gold or silver etc. into equal parts in the form of coins, either in multiples of the old gold-mark or in grams or multiples of grams.

If Berlin does have factories for minting coins then any factory abroad, that stamps medals, should be permitted to coin gold or silver in commission for the people of Berlin.

Every coin should have inscribed:

- a) the weight of gold or silver contained in the coin,
- b) the weight of copper or whatever is used alloy in the coin,
- c) the addresses of the manufacturer and the commissioner,
- d) statement of the thickness and diameter, expressed in millimetres or another international standard measure,
- d) the date of coinage (day, month and year).

In one word: The state of the English currency system before 1844 should be introduced with the alterations now required, due to the experiences of two wars, three years of inflation, 12 years of nazi-slavery and the years of ignorance and incapacity, in money matters, in the years before.

Very truly yours - signed: U. v. Beckerath

(Appendix - page 4)

That import - and export - licences are the most superfluous thing in the world under the rule of a currency without "cours forcé", I need not explain to you, an old champion of free trade.

"Experts", and other economists that believe themselves to be experts, will find it very insolent if simple workers demand freedom, majority and permission to dispose of their own affairs, if these affairs seem so complicated as the currency affairs. To them may be answered:

Under the rule of the experts, the best times of the national economy were characterised by the destruction of many thousands of tons of victuals, while in the same economy there were many hundred-thousands, who would very much have liked to consume these victuals, if the government would have allowed them to pay for the victuals by the system of free banking. Bad times were characterised by the destruction of many hundred thousands of tons of victuals and the hunger of millions. The difference was great - - admitted - - but was certainly not to the honour of the experts. After so many years of expert-government, the workers have claim the right to take their affairs into their own hands and claim also the right, which President Roosevelt claimed at the beginning of the New Deal: To make mistakes, at their own risk, in the first steps and learn from their own experiences.

Roosevelt, although probably to be mentioned among the 100 most intelligent men in the USA, committed the mistake to realize the advise of his brains trust. The effect is known.

The effect could not be another one, for monopolised banking and cours forcé darken the path of the most able rulers. Besides that, the New Deal was an experiment without foregoing experiences.

But workers, who claim the right of free banking, in the above-mentioned sense, take a road illuminated by the natural movements of a currency not submitted to a cours forcé and by a century of experience, elevated from the simple observations to true experience by the most enlightened authors, the last but certainly not the least being the author of Free Banking. Therefore, the workers will not be forced to use their incontestable right to make their own mistakes before becoming experienced themselves.

U. v. Beckerath

4. XII. 1948

Dear Mr. Meulen,

Free Banking means also the liberty for everybody to base contracts in general, and banking contracts especially, on any measure of value that he and his contracting party like to agree upon. 100 and more years ago this right was

acknowledged, not only in England but in the world, although not expressis verbis. But many contracts of old times, still kept, prove the existence of this old right. Fixing obligations in terms of corn was frequent in agrarian business and, as Adam Smith remarks, such obligations often preserved their purchasing power while contracts, stipulated merely in money lost it. For the rest of the people took, as measure of value, the best known in their economic world, gold in England - - but also silver - - on the continent in most cases silver.

The official standard of value meant merely that this standard was to be applied if no express other value was mentioned in the contract.

Then began, prepared by the law of 1844, which gave the Bank of England a monopoly for the note-issue, a time when paper money got a *cours forcé* and by that became also a measure of value.

Now, in perhaps all countries of the world, the paper money is the only legally admitted standard of value.

The greatest part of the population, especially the working classes, thinks such prescriptions to be quite right, while peasants and merchants still distrust the paper money as a standard of value and demand permission to conclude contracts on the basis of gold.

Kant says in his political writings that the people form their ideas of **right** from the existing **legislation**, while it is the natural privilege of the men in government and administration to form the legislation from the philosophical ideas of the true right.

(A privilege they seldom use, while, on the other hand, only that part of the people, whom Aristotle calls **Banausoi** is in the habit of framing their ideas from the legislation of the times -- both, in most cases, requiring very many improvements. So the application of right to legislation is, as a rule, entrusted to men of letters and - - as Kant also emphasises - - therefore the right of free speech and a free press is always the most important of all political rights.)

Since the legislation established the unit of the circulating paper money as the unit to measure value with (certainly a **very** bad law), so that e.g., all prices in the stores must be indicated in that unit and all wages, too, the people, as far as it belongs to the **banausoi**, in the sense given to the word by Aristotle, considers paper money as the given and true measure of value as well as the given means of payment.

This idea will not disappear before the *cours forcé* of the paper money is repealed and even after the formal repeal it will remain for some time, for months or even years. That is true for England and for all countries in the world. For these reasons the unity of paper money must be admitted, also in Free Banking, as a measure of value (besides other possible measures of value - - gold, silver, even copper and grain).

Free Banking will here say: It should not be prohibited, although it seems (hardly? Corner cut off! - J.Z.) the best and certainly will be abandoned after some experience with different measures of value has been made possible. At last **gold** (will? Corner cut off! - J.Z.) be accepted as the best measure. Some German economist (Roscher?) said: Nature gave men gold and silver as measure of value as it gave them iron as a natural material for tools, water for drinking, oxygen for breathing, the stars for measuring of time and the foot for the measuring of space. The acceptance of gold as a measure of value is therefore not an arbitrary decision.

Herbert Spencer wrote about 80 years ago a chapter: "The Coming Slavery", in which he prophesied in much detail all terrors of a centrally managed economy. But what neither Herbert Spencer nor anybody else seems to have observed is that the abolition of Free Banking laid the foundations for that coming slavery - - for several hundred millions of men, not **coming** but then **existing**.

Free Banking presupposes political and economic freedom as well as political and economic freedom presupposed Free Banking. Both must, therefore, be established at the same time, from a new spirit of liberty, a spirit which, in nearly the whole world, seems extinguished now, but in today's England is still not extinguished, as proven by the continued publication of "The Individualist".

Very truly Yours - signed: Bth.

5. 12. 1948. (I)

Dear Mr. Meulen,

cold fingers and lack of light prevented me from answering all details of your letters. I am very much obliged to you and esteem highly the honour that you took the trouble to translate some of my utterings into English and even will publish them in the Individualist.

In your letter of the (left open! - J.Z.) you expressed an unfavourable opinion on the gold standard. We discussed the matter some years before the war. Our correspondence is burned (That of Meulen as well as that of

Ulrich von Beckerath, by air raids, but at least B. did not burn himself his later correspondence, like Meulen did. - J.Z.), but I remember the main content.

There are different kinds of gold standard possible and each kind contains several details. Perhaps the English word "gold standard", in its present sense and the German word "Goldwahrung" in its past and in its (somewhat different) sense at present do not mean the same.

In the older scientific economic literature the word gold standard meant in Germany simply, a condition where the debtors were obliged to pay in gold coins if the creditor demanded it and no other kind of payment was agreed upon. Such was the state of law in old Rome at the later time of the emperors and was e.g. the state of law before 1870 in the city-state of Bremen, where a gold standard was introduced though no Bremen-coins were minted. Foreign coins had a fixed exchange rate.

When the central banks came up, then it was considered to be essential for the maintenance of a gold standard that the central bank gave gold coins for its notes at any time. It was held to be sufficient that only a part of the amount of the outstanding notes - in most cases $1/3^{\text{rd}}$ - was held in the vaults to satisfy even excessive demands of the note holders. Of course, this rule was as arbitrary as dishonest and was disproved by experience.

During the war of 1914-1918 the Bank of England did no longer redeem its notes into gold but still gave notes the old relation if anybody brought it fine gold. The obligation to redeem the notes was not formally repealed - as Maynard Keynes explains in his work on money - it was discarded by the practice of redeeming: Everyone who brought large amounts of notes for redeeming had to wait so long that he and his successors at the counter (only **one** counter was opened for redeeming) lost patience and went home. But formally the standard of gold was maintained during the war. After the war, the obligation of redeeming was formally repealed; there remained only the obligation to exchange gold, delivered to the bank, into paper money, which can produce no danger for the bank. Economists pretended that this condition rightfully deserved the term "gold standard". This system is now accepted by several central banks, also by the American, with the natural effect, that the price of fine gold, expressed in notes, is much higher (on a free market) - - e.g. Mexico for USA or Tangier for England) than the purchasing price of fine gold declared and officially maintained by the central bank. The last mentioned circumstance does not prevent economists from declaring that all the central banks of this kind are still on a real gold standard. (I consider that to be a misuse of words.)

If I demand a gold standard for Free Banking, I demand the following detailed role for gold:

1.) Gold coins should not be prohibited. Everyone should have the right to get gold coins stamped and there should be mints in all communities to coin gold in the same way as it was used in 1913. If a community does not possess a mint, then private institutions should be allowed to coin medals, the size of gold coins, as was allowed in California during the first years of the gold boom.

2.) A gold-clearing-standard should be permitted (not introduced but merely not forbidden) whose essential feature would be the general permission for everybody

a) to possess, sell and buy any amount of fine gold in the form of coins or in another form,

b) to conclude contracts by which the debtor is obliged to fulfil his payment obligation in so much local currency. (Paper notes of private bankers, town money, railway money or whatever may be in use in the community) as at the exchange or at the free market - - the word taken in the sense of Adam Smith - - is quoted for gold.

Example: The local currency is a paper currency issued by the town where the contracting parties live. The town money may be at the nominal value of old gold Marks. An old gold Mark was, by the old German mint laws 0.35... grams of fine gold, or 2790 gold Marks = 1 kilogram. By an over-issue or for other reasons the town money may be at a discount, so that at the exchange for 1 kilogram of fine gold in form of known coins 5580 paper Marks of the town must be paid. Then a worker, whose wage is fixed at 10 gold Marks a day, shall be entitled to get 20 paper Marks. Such a system was in use in Germany in the years 1922 and 1923. My own salary as actuary of the Deutschland Ruckversicherungs-Aktien-Gesellschaft, Berlin-Nikolassee, was in 1923 fixed at 80 gold Marks a month. At that time the purchasing power of gold was so high in German, that 80 gold Marks a month was a high salary. I had plenty to eat, was well dressed and bought many books. [Books and clothing were consumed by the flames on 22. XI. 1943.] To tell the truth: the trade unions did not encourage the system. But the higher officials in private firms demanded and obtained it often.)

Obviously, the system is not merely applicable to wages. In its general application it was at that time called "Gold-Rechen-Waehrung" (Gold-Accounting-Currency - J.Z.), which was a good expression.

Such a gold standard cannot be considered as injurious or oppressive for anybody. It needs no **introduction** by the government. It is sufficient if the government does not forbid it. If the people in all countries would not be prevented by very hard punishments and the formal declaration of the law, that obligations on the basis of such a gold standard will not be acknowledged by any court, then this kind of gold standard would be an action of the people themselves, introduced in the whole world.

Today is election-day. Therefore, the electricity works of West-Berlin grant a few hours of additional current. (Reason: The votes must be counted, which can hardly be done at the light of candles.) The additional light enables me to write to you some more words than I would be able to write, otherwise. (Freedom of expression infringed by electricity rationing! - J.Z., 8.1.03.)

I hope that the Russian gazettes of these days are preserved. If one reads them, then the Western Allies have divided Berlin, also Berlin is not blockaded, the nearly 5,000 tons transported daily by the air-fleet are a pure bluff, etc., etc. They are "documents humains". The nazi-propaganda was far inferior to **that**.

Very truly yours - signed: U. v. Beckerath

5. XII. 1948 (II)

Dear Mr. Meulen,

where Free Banking is prohibited or not used, because the economic ideas of the people are not sufficiently developed, there the supply of the individual with means of payment (that is the possibilities of exchanging his labour against the labour of others) depends, first of all, upon the **chances** in the distribution of the stock of currency.

Suppose the community is inhabited by 10 millions of people able to deal with money, then the distribution of the stock of money, according to the wants of each individual, is no more probable than any supposed distribution is the effect of 10 million tosses of a coin in the well-known game of hazard called "coin tossing". The most probable is 5 millions of "heads" and 5 millions of "reverse". But the odds, that **exactly** 5 millions of "heads" will come out are practically zero, and the odds, that say - 5 millions and 10 "heads" will come out is a little smaller and practically - - of course - - also zero, the thing considered from an economic point of view. Indeed, practices showed in all periods of history that there, where Free Banking was not in use, **nobody** had as much currency at his disposition as he wanted - - some having too much and the greatest part of the people not enough.

Secondly, the supply of the community and of each individual depends, wherever Free Banking is not used or not sufficiently used, upon the ideas and the good will of the men to whom the note issue is entrusted.

The experience of decades in many countries teaches that the emission of a forced currency cannot safely be kept in the accurate middle position between inflation and deflation. A more developed theory of currency will even prove that in the case of the issue of a forced currency always one part of the economy is under inflation and the other part under deflation, so that the problem of a rightly dosed emission would be altogether insoluble. But Free Banking solves the problem with ease: Under-issue at once induces any banker to offer his emission-services to that part of the community which suffers from a lack of means of payment, although it has, ready for exchange, goods wanted by other parts of the community. Over-emission is at once answered by a discount of the notes. Notes that suffer a loss in exchange are refused everywhere and at once disappear from circulation, before they influenced the general price level.

Free Banking is not merely an **improvement** in banking or note-issue: Free Banking is an essential part of economic life. All restrictions of Free Banking, by law or bay a low standard of economic customs in a community, are a restriction of economic life (and by that of personal and political life), and all other kinds of banking are mere "Ersatz".

Free Banking is a very good and probably the best means of economic education of the people. An economically educated people is able to **watch** over the economic institutions and the economic activities of the government.

Under the rule of monopolised banking and monopolised note issue, it is not the people that watches but it **is** watched.

If the prices rise, the government, the papers and the churches reproach the people, for having lost their old buying morale and for driving up prices, in their eagerness to obtain real values. If prices decline, the people are accused of saving money in an excessive manner and admonished to "spend wisely", and so to avoid unemployment.

Under the rule of Free Banking, any man, who would try to influence the buying habits of the people by moral exhortations, would be looked upon as 200 years ago the end-of-the-world-prophets were by enlightened people, if the latter were summoned to stop going to the pubs, to save their souls instead and, to make a beginning, to assist the prophet's preaching by a decent donation.

To suppose that monopolised banking and note issue could render the same services as private bankers in Free Banking business, note-issuing included, is about the same as supposing that motor cars and bicycles were superfluous because we have excellent great railways. The use of motor cars and bicycles compelled men to acquire a great quantity of technical and even scientific knowledge, which would never have spread if only railways were in use. So the use of Free Banking will spread a great quantity of economic knowledge among the people which can never be acquired by reading weekly reports of monopoly banks and considering papers on them.

The present political situation leads us to reflect on the best method of **war financing**. I assert that in times of war, too, a worker, whose wages are financed by free banking, will produce at least five times the quantity of war material that is produced by a Russian worker under the Soviet system of monopolised banking and note issue. The evil effects of this system are more indirect than immediate but, nevertheless, severe. The Russian historians glorify the valour of some Russian armies than vanquished the nazi-invaders though only one third of the soldiers were equipped with rifles, the supply of the 2/3rd not armed being the rifles left by the dead and wounded. From a military point of view they are quite right. Such a valour is nearly unequalled in history. But this fact was no reason for boasts for the Russian arms industry. If there had been private bankers and private businessmen in Russia, they would have easily mobilised the reserves, contained in the incredible waste in production, transportation and distribution.

In the war of 1870/71 Moltke "produced" one dead Frenchman with an expenditure of about 80,000 hours of labour. At that time Germany did not have a system of completely free banking but the number of note-issuing institutions was more than thirty. The French government, with its monopoly bank, needed about 300,000 hours of labour to "produce" one dead German. Of course - the great strategic ability of Moltke and the good training of the German soldiers contributed to Moltke's success. On the other hand, the French Chassepot-rifle was far superior to the Prussian needle-gun, and the courage of the soldiers was equal on both sides.

The "white" armies which fought in the first years of the Russian republic against Moscow were all lead by men that had not the least understanding of war-financing. Their system amounted merely to plundering the peasants, a system which mainly contributed to Napoleon's defeat in 1812. (Explained in the work of the German General Staff: "Heeresverpflegung" (Provisioning an Army), published in 1913. The principle of Free Banking could have been applied to finance the civil war in Russia against the Moscow regime. How? That was explained, although in very general terms, in the book: "Cash payments in Occupied Territories" by the late Dr. Holzhauser, a young economist, who completely understood the system of Free Banking. It is not generally known that Holzhauser's system was applied by the Japanese armies in the first years of Japan's war in China, to the very moderate pleasure of the author, whose intention was mainly to provide a system of finance to German anti-Hitler forces, which were, in the year of the publication of this work (1938), already in the process of being organized. Holzhauser used so general terms that the nazi-department for military literature found nothing dangerous in it and even recommended studying it.

Very truly Yours - signed: U. v. Beckerath

9.12.1948.

Dear Mr. Meulen,

some time ago I wrote to you about persons who are able to move a magnetic needle by pure will power. Such persons are very rare - - possibly only a few in a million, but they do exist.

If such a natural power as magnetism can be influenced by the pure will of some person, then the question arises whether other natural powers can also be influenced in this way. It may be that there are quite new ways of acting

upon things that are seemingly or really without life, by living bodies and by action from a distance, actions that can still be discovered, equivalent to the phenomenon with the magnetic needles.

One may even discover that the action from a distance, as used in this instance, is not bound to a living body but can also be produced by some kind of apparatus and is not restrained to iron or metal but is, rather, of a universal nature.

Probably you have read of the strange procedure of Chinese thieves, who by their will are able to move light objects, say pearls and jewels, and compel them to come so near to them that the thieves can grab them. That agrees with the report of **Marco Polo** in his memoirs, that he saw, at the court of **Kublai Khan** "magicians", who were able to transport, merely by their will, and acting from a distance, the goblets of the Khan from the end of a table to immediately before the Khan.

A friend of mine, the manager of the Assurance Company "Volksfuersorge", in Hamburg, Mr. Emil Thiele, saw one of his acquaintances move a box of matches in a similar way.

Systematic exploration of such facts may lead to a procedure by which men, merely by their pure will, are able to bring atomic bombs to an explosion in the air, may, or may not -- but you know, what Indian Fairs are capable of doing.

Very truly yours - signed: U. v. Beckerath

(Note by J.Z., 8.1.2003: Nuclear weapons are set off by H.E. and this can be set off by detonators, which essentially produce fire, i.e., high temperature gases. There are numerous reports that some people can start fires at will, at least not very far away from themselves. Thus they might also be able to set off nuclear weapons nearby - in suicidal attempts, if not at a great distance. But more useful would be a power, from a great distance, to prevent the explosion of any nuclear weapon, perhaps by teleporting sufficient neutron-absorbing materials into the centre of a nuclear explosive device, so that, upon ignition, it would tend to fizzle-out or not come close to the critical mass at all. I would prefer that approach, if it were possible, to exploding these devices. Somewhere I noted a report that a relatively small quantity of a certain element, I forgot its name, if I am right something like 500 grams, if only it could be inserted into a nuclear reactor, could suffice to bring the chain reactions to a stop. True or false? - According to "ANALOG", June 2000, page, one such material is gadolinium. It stops neutrons. - J.Z., 31.5.03.)

11.XII.1948.

Dear Mr. Meulen,

with mixed feelings I read in "Der Tagesspiegel", that Russia bought in Malaya great quantities of rubber, of which 5,000 tons will be delivered still this year. These purchases must at least raise the quotation of your shares, but it reminds me of the purchase of Krupp canons by the Japanese government before the first world war. A very short time later the German soldiers at Tsingao were killed by these very canons.

On my daily work to the office, there are some bookshops which I inspect from time to time. Yesterday I found in one of them a book which you probably possess: Arthur **Kitson**, "The Bankers' Conspiracy which Started the World Crisis". (Note by J.Z.: In his later writings, Arthur Kitson, originally a monetary freedom advocate, became a fan of "Social Credit" notions. I suppose this is one of his works from that period.)

There are many people who, without having read Kant, admit, that every change in the world has a cause and produces an effect. But if they are dealing with economic and social matters they forget that universal law and all evils are there ascribed by them to the wickedness of some persons. No more do they think in terms of "cause and effect" but merely in notions of "guilt and expiation". That habit is hereditary -- I think -- from the time, when the larger part of all men were in a state of absolute slavery, a state which endured perhaps several hundred-thousands of years. For slaves the mood of the master is their fate and they know, in practice, of nearly no other kind of causality, beside some superstitions, by which they explain even occurrences like the kindling of a flame or the shining of the sun by demonic powers, which may -- as every eclipse of the sun "proves" -- fail, if the demon is of a bad humour or attacked by stronger demons. The "personal" kind of thinking is the thinking of the masses. Therefore and always, if there comes a man with a reputation, who explains the evils in a "personal" way, instead of by causes, the he is successful. Kitson is no exception. Add to this that he obviously believes himself what he says. That animates his style, which is already very good, to a high degree of impressiveness.

I regret sometimes that the people do no longer believe, so sincerely as they did in olden times, in the **devil**. 500 years ago, one would have ascribed a crisis like that of 1932 simply to the devil or, if one was "enlightened", to a bad constellation of the planets (as very many people still do - - I personally know such people, and you do, certainly, too.)

Acts of the devil can be counter-balanced by gifts to priests, but acts of wicked men will be punished if the injured get the chance to do so and that is sometimes a serious thing. Some years ago, in Silesia -- so told me an acquaintance of mine -- in a village some cows died, nearly all at the same time. The most natural explanation for the peasants was to look for the **witch**, who had killed the cows. Of course, they **found** the witch and the poor woman was boycotted by the village. If they would have ascribed the death of the cows to the devil, then the priest would have come, would have sprinkled the rest of the cows with holy water, would have received some money, and the affair would have been settled. In France, I read, in the 19th century a sect sprung up, "les satanistes", which no longer believe in a god but strongly in the devil. In India they have had for thousands of years the Siva sects, with the same belief. Perhaps the satanists do the same good in Europe as the Siva followers do in India: their religion prevents much prosecution of classes or races, by ascribing all evils not to classes or races or conspiracies of men - - bankers, workers, Jews and unbelievers - - but to the devil.

Mais revenons à notre mouton.

Kong Fu Tse, asked by a pupil, which would be his first task, if he became a dictator, answered: To ascribe to every word a quite fixed meaning and to prohibit the use of the word in any other meaning.

Kong Fu Tse was a **very** wise man! (His Luen Yue were among my books consumed by the flames of the conflagration of November 22nd, 1943.)

Kitson misuses the words. He attacks the **gold standard**, but what does he mean by "gold standard"?? He means by that the legal right of the creditors to claim gold coins.

The right of the creditors (sometimes with exception of the wage-earners) to claim gold coins is, in the scientific literature of the 19th century, demanded as a means to **assist** the gold standard, to guarantee it better than it would be guaranteed if that right would not be acknowledged. Insofar it was considered as a **part** of the gold standard, but it was not identified with it. I refer to such a work as "Money" by Stanley **Jevons**.

Certainly -- and there Kitson is very much in the right -- the said right of the creditors is a highly disastrous right - - in the long run impossible to maintain, moreover, it is even quite unfit to strengthen the gold standard. If in so many (I think in all) countries the gold standard was abolished, it happened because the said "right" could no longer be maintained and was proven to be a great evil and the source of much more and greater evils. But gold standard is - - to repeat it - - by no means identical with the creditors' right to receive gold coins.

The true gold-standard does not need to be legally **introduced**. It is quite sufficient not to prohibit it. If it would be permitted, people in the whole world would at once fix prices, wages, rents, and whatever may be a subject of valuation - in units of gold weight, grams (which would be the best and was widely used in Germany during the Great Inflation and in the years after), multiples of grams or parts of grams, ounces, etc., such as $1/2790 \text{ kg} = 1 \text{ Gold Mark}$, $1000/344,44 \text{ grams} = 1 \text{ old Gold Franc}$, etc.

Certainly, in the beginning of such a legal condition, in which gold is **permitted** as a measure of value and a means of payment (which the debtor would have the right to "impose" upon his creditor in the form of well known coins, but which the creditor would not have the right to demand, which was the legal state in Germany after 1914 and is the legal state since centuries in the whole East), some people would, for religious or other reasons, not use gold at all, but corn or the paper-money of the bank which they trust, or silver (not the best, but economically possible), or cowrie-shells or something of their own invention. They should have full freedom to do so, supposed that they find friends to contract or trade with them on this basis. With a probability of more than 99% one can expect that experience will teach them, in less than a year, that gold is better, and if they will not accept what experience teaches them, or do not acknowledge their own observations as a true experience, then let them, in three devils' names, continue to exchange on any other basis than gold. We had that in Germany. Corn (in very numerous cases, especially in Pommerania, where corn notes circulated), gas, coal, labour hours, wood, silver, tin, kilowatt-hours (often used), were used as measure of value in long-term contracts, and a collection of all the clauses used would be the most interesting of all unwritten monetary books. But at last even the fanatics observed that a commodity, that is not daily quoted at a reliable exchange market, is as a measure of value far inferior to a commodity daily quoted and whose quotations can be verified by buying or selling small quantities. Only gold was

such a good. In most cases - - at that time - - Dollar notes were considered as equivalent to gold, but some preferred the quotations at the gold market of Pforzheim - - an old jewellery town - - where grams of fine gold were bought and sold.

By a gold market and especially a free gold market, the merchants as well as the public understood a thing very different of that which Kitson means. In Germany the words "Freier Goldmarkt" were used in the same sense as they were used in English literature, at least until the times of Jevons and probably many years after Jevons, who died in 1882, 47 years old, a loss for the science of economics which is - - I think -- still felt.

A Free Gold Market (Freier Goldmarkt) is in the sense of the older literature firstly **a market**. Everybody has - - as long as the market is free - - the right to publish at the market his offers and his demands. He may repeat his offers and his demands as long as he found none willing to accept them. From the chapter in Kitson's book "Evil effects of London's Free Gold Market" (page 79 and the following), I learn that K. means by "Free Gold Market" the right of owners of notes to go with the notes to the Bank of England and convert them into gold coins.

Where is here freedom? The owners of the notes are free to claim coins, but the bank is not free (or was not at the time, which Kitson means) to decline the demand. And then: Would not everybody have considered the owners as crazy if they had demanded **more** gold coins than they were entitled to receive by the Bank Law? And would they not have been considered as even crazier, if they would have accepted an offer of the Bank to give them less? Where is here the **market**?

Set aside the misuse of the words "Free Gold Market", Kitson is essentially in the right. No right of the owners of notes can reasonably be acknowledged to get gold in form of coins or bars for notes. But, on the other hand, if the Bank **has** gold in form of coins or bars, it should have the right to buy with this gold its own notes for their face value or a price under their face value. (In debts owed to the bank it should have to accept them at their face value. In the free market it can buy them below their face value. - J.Z., 8.1.03.) That transaction is always **possible**, and it may be useful if the notes are at a discount. But the redeeming of the notes for their face value is only in that case possible where the bank has, in its vaults, the whole amount of the outstanding notes in gold. That the bank never had. The few cases, where a central bank had so much money ready as to exchange at every time the whole amount of its notes against gold are so rare that they do not have economic significance. But both possibilities have obviously nothing to do with a **market**.

Kitson gives the example where some bankers drew 11 millions of pounds in gold from the Bank of England and transported the gold to America. He cites from the Banker's Magazine a calculation which teaches that this transaction lowered the quotation of 325 representative investments for 115 500 000 Pounds St. Kitson is quite right to demand a money system by which such events are impossible. But under the rule of a **really** free gold market (whose locality would not be the Bank of England, but the Exchange or even a room in any tavern - - curb exchange - - if the official Exchange declines to place localities at the use of those who wish to sell or to buy gold) the removing of 11 000 000 L St. would have no greater effect on the quotation of English investments than the removing of a quantity of coal to the value of 11 millions or of any other commodity.

Kitson does not see that the true reform of the old system, with its note-redemption prescriptions and other misuses, of which the **monopoly** of the Bank is the worst (though not remarked upon by Kitson - - **you** are the only writer who noted it) is not replacing gold by notes. (It seems, he means *cours forcé* notes.)

Free Banking, on the other hand, fills every need for means of payment within some hours after the need is felt - by some newly created Free Banking facilities.

(Note by J.Z., 8.1.03: In his early, 1903 book: "The Money Question, 231 pages, reproduced in PEACE PLANS Nos. 42-44, he did oppose the money-issue monopoly!)

Kitson will replace the monetary slavery of England - - which he well perceives as a slavery - - by a system which already has shown itself as a much more evil slavery. He is excused because at his time the new slavery was not yet as visible as it is now. Modern dictatorships are impossible without the very system which Kitson proposes, where a single man decides in what measure the people shall be permitted to exchange their goods and their labour against goods and labour of others, where the same man decides the amount of the purchasing power of the notes he grants - - if in good humour - - to the people.

It is astonishing (but for all well trained sociologists not astonishing at all) that more than 9/10th of all reformers propose new tyrannies to abolish old ones.

Goethe says on this:

"Ich habe gar nichts gegen die Menge; "Doch kommt sie einmal ins Gedraenge, "So ruft sie, um den Teufel zu bannen, "Gewiss die Schelme, die Tyrannen."	"I am not an enemy of the masses; But if they get into difficulties, Then, in order to banish the devil, they call upon, For certain, the scoundrels: the tyrants."
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Kitson, in this respect, is not any better than others. Very few appeal to **freedom** instead of new tyrannies and the author of Free Banking is one of the very few. Appealing to freedom requires a positive programme of organisation and that requires thinking, experience and the firm will to manage by oneself one's own affairs. Men of the people do not like to think constructively, they do not believe in older experiences ("Before our times there were quite different circumstances!"), and they demand that others conduct their affairs for them. At least 90% of the present European population are the descendants of slaves.

On many details Kitson is in error:

At page 68 he pretends - - as do so many writers, who do not know the history of money - - that money is a creation of **law**.

But money is, primarily, a creation of the readiness of important creditors to accept it. This readiness may be voluntary or enforced. If the readiness is not given then all the laws in the world cannot achieve turning paper money into a good money. **Nero**, a short time before his death, debased the denar. But then he ordered that, for paying taxes, **old** denars must be used. No law could then protect his denar from depreciation. I personally think that this order was an essential factor, one for which the Romans left his cause.

In 1923 and 1924 the German **railway** issued tickets for one gold mark, two, etc. These tickets could not be redeemed in gold or paper currency. Instead, they were accepted at their face value at the ticket counters. The public preferred this railway ticket money to all other kinds of money.

On page 67 he ascribes the fall of the value of **silver** during the 19th century to its demonetisation. He does not know that the demonetisation was necessary because the production of silver became more and more a by-product of lead. The more lead was produced, the more silver came automatically on the market. The price of silver was of no great significance for the producer. Kitson confounds here cause and effect.

At page 34 Kitson speaks of the currency in Germany after 1871. He does not know that at that time notes for less than 100 gold marks were prohibited. It is clear that such a foolish restriction must cause a severe deflation.

That a man, who does obviously not take his information from scientific literature, confounds inflation and dearness and deflation and "sinking prices", cannot surprise. One is the effect of the other, but is not the same.

At page 35 he pretends: Inflation has never ruined any nation. It would be a just punishment if a man, who utters such words, must live at least some days under conditions as the workers lived under in the year 1923. But men like Kitson do not consider the workers as a part of the nation. (They do it in theory, but not in their mind.)

At page 34, he repeats the old error, that the increase of prices was due to the increase of the gold and silver stock after the discovery of America. He should have looked at the statistics of the manager of the American mint about the production of gold in the world since 1492. From 1493 to 1520 there were won in the world, per annum (average) 5,800 kilograms of gold and 47,000 kilograms of silver.

Perhaps the population economically concerned with this production may be estimated at 150 millions. (Europe, oriental countries, Africa.) The new production would then be about 1/30th grams of gold per head and year (I make it 0.038666 grams if my calculator is correct: 5,800,000 grams divided by 150 million, or 58 grams by 1500 people. - J.Z., 8.1.03.) and 1/3rd gram silver. (I make it 0.31333 grams. - J.Z.) And this small quantity is supposed to have produce a raise in prices, taken also into consideration that a very great part of the newly won precious metal was absorbed by the oriental countries, where it disappeared in the treasuries of the princes and the rich. (Moreover, the population increased fast, probably faster than the total gold stock, and so did its total production of goods and services, all requiring additional means of exchange. Moreover the monetary exchange economy had not yet been fully expanded, i.e., did not yet replace all barter exchanges, not even in the somewhat developed countries. - J.Z., 8.1.03.)

It begins to get dark. I must close.

15.12.1948.

Dear Mr. Meulen,

today I visited the British Information Centre and asked the lady-librarian whether your "Free Banking" did arrive. The lady remembered the book at once and could tell me, that it was already lent out. Yesterday I visited the American Information Centre in the Kleiststrasse. There the lady-librarian was so occupied, that I could not ask her. But the book was not at the shelves and, therefore, I assume that it was also lent out. But if I come again to the America-House (they have light and heat there), I will ask the lady.

At the American library I found: "Money and Banking", by Prof. Bradford from the Lehigh University, 2nd edition, 1941, Longmans, Green & Co., an American book and a good one.

Bradford uses the terms **market** and **gold standard** exactly in the same sense as the terms **Markt** und **Goldwaehrung** (gold standard - - the word is not seldom used for "Goldwaehrung") are used in German literature. Also the world **inflation** is used by Bradford in its old sense and not simply for "dearness".

I see from Bradford, that Kitson's terminology is not justified by scientific literature of our times.

What neither Kitson nor Bradford noted is, that the readiness to accept paper-money or cheques is a security for the paper money or the cheques, if the person or the concern or the office, where the paper is accepted, is easily attainable to the bearer of the paper, so that he may utilise it without delay and difficulty, if he wishes to do so, say, because he does not trust the paper for any reason. The German railway-money of 1923 and 1924, issued to an amount of about 1 1/2 thousands of millions (about the income of the railway for 4 months), was such a paper. Supposed the railway-money gets a discount at the free market, at once all persons, who wish to use the railway, would have bought or lent the railway money, would have used it as a means of payment at par at the ticket offices of the railway and would have had a profit equal to the discount. If they had lent the railway-money, the profit would have been diminished for the amount of the interest they must pay. Practically, the railway-money would disappear from the market, by the buying up, together with its discount and could not be re-issued by the railway as long as these notes are offered on the market at a discount -- for nobody takes a note at a discount in the usual business. The trouble is too great.

Very truly yours - signed: U. v. Beckerath

17.12.1948

Dear Mr. Meulen,

Russia's present economic system is often called "Communism".

Let me remark that this name in Russia's case corresponds neither to actuality nor to the designation in Russia.

Communism is the economic state which is aspired to.

(I suppose that on this point the 13 rulers in the Kremlin and the leading members of the party are sincere.)

It is not without intention that the Russian Commonwealth is called: Union of the **socialist** Soviet-Republics; they are not called "communist".

Stalin himself (and in consequence many Russian writers) designed twenty years ago the economic state of Russia and the underlying principles as **Leninism**.

Modern writers call it **Stalinism** and are quite right to do so.

Under Lenin about 1/4th of the Russian industrial workers were permanently unemployed. Stalin removed unemployment in less than three years (some say in less than a year) and created a demand for labour which still surpasses the supply. Set aside the means by which Stalin attained such a state of affairs, it must be acknowledged that his success is probably the greatest economic success ever attained by a single man. ("Even the devil should not be maligned" says the proverb.)

Stalin himself continues in his writings to speak of "Leninism" - - obviously for modesty, which **also** must be acknowledged.

In actuality, the Stalinism is pure state-capitalism. State-capitalism has now proved to be able to remove unemployment. Admitted! But the price which the Russian workers paid is high enough: In most countries of the world the unemployed live better than the employed in Russia. This fact, in connection with the very high degree of employment, should be analysed with the means of Western economic science.

In every case **State-capitalism** should neither be called communism nor socialism.

Very truly Yours - signed: U. v. Beckerath

(Here he should have at least mentioned the many millions of forced labourers, largely unpaid, in the slave labour camps of the Soviet Union. They, like the conscripts, and the masses of bureaucrats, could hardly be considered as being productively "employed" in the Western sense. Nor are those who are forced to attend schools, although they would rather do some paid work. - Was he still employed in the Eastern Zone, then, and thus under its censorship? - J.Z., 8.1.03.)

U. v. Beckerath

18.12.1948 (I)

Dear Mr. Meulen,

I think, we agree that Free Banking means real freedom in all banking business, the word taken in the sense which it had in the time of 1844. To this freedom belongs the freedom to offer payment in notes, this word taken also in the sense of 1844.

If there are enterprises with a greater turnover than a private banker may have, without ceasing to rightly claim the term banker, then such subjects must have all the freedom which a banker may justly claim, supposed that these subjects are sufficiently supervised in all details of their business and the results of the supervision is published, in short intervals, at least weekly - - if possible daily. A further condition may be that everybody must have the right to participate in this supervision - in a manner that is not vexatious. Such firms are railways and similar enterprises, department stores and factories. Some decades ago, when currency was short in Germany, due to the foolish prohibition of notes in smaller denominations than 100 Marks in the Bank Law, it was difficult for employers to find currency for wages. Thus such employers as Krupp in Essen helped themselves in this way: They founded a cooperative store for their workers and took care to provide this store better than other stores of the town were provided, so that the workers had a real interest to buy at that store. Then they paid their workers with cheques or notes or certificates - - whatever name may suit - - subdivided like money - - which were accepted as cash at the cooperative store. The store paid its suppliers in the way usual in wholesale trading, where no cash currency is required.

I found the same system in the North of France at Hénin Liétard (a great mining centre in the Pas de Calais) and heard from the miners that the system was widely used in the whole Pas de Calais. That was in the years from 1915 - 1918, when the German government called me to the Armierungsbattalion Nr. 38, I. Company, where I helped it to lose the war. (For a year I managed the military library and reading hall at Fouquières - lès - Lens. You may imagine what kind of books I furnished the soldiers. Kant, "About an Eternal Peace", of course, was among the books and was a "good seller". In 1917 the battalion moved to the south and I had to move with it. I can say that many comrades at Fouquières regretted that the battalion moved, because they understood me very well.

At Hénin-Liétard the Krupp-System was used in a way that must be called tyrannical. The workers were lodged (very well lodged - - to tell the truth --) in great blocks, consisting of a dozen or so houses (very well built houses), with a great courtyard and a garden for each house in the middle of a block. But the block had only one entrance, and the porter examined every worker that passed the entrance (more so the women) and asked them to open parcels brought in. If he found items that were obviously not bought at the store of the mine, then he reported this to the Mining Company (Société an. des Mines de Courrières) and the worker was liable to lose his job.

The payment was not in certificates but in currency. That may have been the true reason why the system was introduced. The system enabled this company to use constantly the same fund of currency and therefore the company was independent of the bankers. I asked the workers whether the quality of the purchased goods was bad. But they all assured me that the quality of these goods was as good as it could be, and that they would also buy at the store if there were no supervision at the entrance of the block. But they added: We realise very well that we could exercise a pressure on the company by the threat to no more buy at the company's store. Through the system used by the company it is nearly impossible to exercise such a pressure. The company would have attained its aim

much better by paying the workers with certificates as Krupp did. But this kind of payment was prohibited by law (as it is now in Germany and in nearly all countries of the world) because the socialist parties at that time declared: The economic power of the bourgeoisie should not be augmented by granting it the power to make its own money. (Sheep!)

I read in an old report from a currency congress (burnt with 3,000 other books) - - if my bad memory does not deceive me, it was a congress held in 1878 - - that in **Belgium** the system was much improved. There the cooperative stores lent the employers the amount of certificates required for paying wages (or a considerable part of the wage amount). Now the thing had another face: It was the worker himself that exercised banking power and some even considered the system **so** framed as the beginning of a socialisation (which could easily have come true if the workers would have fully understood the power they had in their hands. But - - as is usual in such matters - - the **masses** of the workers were quite indifferent, the women were a little bit dissatisfied and said: We want to buy where **we** like and not where the cooperative thick-bellies like, and today the system is sunk into oblivion. - - I do not know the cause of this in detail.

One thing is certain: Granting the worker a legal claim to what W. B. Greene called "exclusive currency" is a severe restriction to Free Banking, the word taken in its widest sense, and for this reason is a severe obstacle to true socialisation, the word taken in the sense which it had in the earlier scientific literature, where it was by no means restricted to **State capitalism**.

Modern laws, e.g. in Germany, grant the workers the right to legal currency (exclusive currency), but do not grant him the right to renounce the exclusive currency and to agree with his employer upon payment, say, in notes of a banker whom both parties trust.

The trade unions and the parties of the workers represent this miserable state of affairs as a **success** of the workers' movement of the past. "We compelled - - they say - - the bourgeoisie to use State money instead of enriching it by the making of private money."

That should be sufficient to state: One of the greatest errors in Marxism is the opinion that the workers, by their position in capitalistic production, have become a **revolutionary** class. The still occurring **revolts** of workers have been no true revolutions, and **if** a revolution will change the industrial injustice into industrial justice, it will be done by the educated classes of the people, with participation by the educated part of the workers, not in a single day but so quickly, that every one may hope to experience it. Nor will it happen in all parts of the economy at the same time, but by conquering one part after the other, probably silently and without any bloodshed.

To illustrate this expectation, I may remind you of one of the greatest revolutions in history: The revolt of the German people against the government's "exclusive currency" in the years 1922 and 1923. Every day new thousands declined the notes of the Reichsbank and accepted other kinds of money or money-substitutes. If at that time a programme of Free Banking had been known to the public, thousands of Free Bankers would have replaced the Reichsbank, the crisis of 1930/32 would not have occurred, Hitlerism would have been impossible, no war would have happened, Germany's towns would still stand, I would still have my 3,000 books, you would still have **your** library - - probably with a second copy of Greene's "Mutual Banking" - - a terrible loss - - and we would correspond upon details of Free Banking in Germany.

Free Banking is not merely an improvement in banking: Free Banking is that which puts the economic pyramid upon its foundation. With it, it requires to further assistance for its stability. Instead, it has been made to stand on its top, where every breath of air upsets its balance, in spite of all assistance. If that is true then the following conclusion is true also:

Free Banking must be recognized as a right of men and citizens, firstly by the UN, who now tries to improve the work of 1789, then by the constitutions of all countries, firstly by that of Germany, whose provisional constitution, framed in these days at Bonn, is valueless in style, content, aims and even improvement options. (I suppose that you read it.) Economic rights of individuals are not even mentioned in it.

The Personal Rights Association should apply to the UN to recognise the right of Free Banking and of Note Issuing as a primary right of man. The Personal Rights Association could add to its application that all rights of men cannot be maintained if the right of Free Banking and of Note Issuing is not formally acknowledged and practically exercised.

And The Individualist should publish the text of the application.

Be assured, dear Mr. Meulen, it would not remain unnoticed.

I also see no reason why the Association should not apply to the parliaments of all countries in the same way as it applied to the UN.

Very truly Yours - signed: U. v. Beckerath

18.12.1948. II

Dear Mr. Meulen,

the habit of thinking in the categories of "cause" and "effect" is only found at the end of long scientific training. The people do hardly think in these categories. Even scientists do not always think in the categories of cause and effect if they are concerned about matters outside their usual sphere. There they are, as the people are, inclined to take the events or the changes as the intentionally performed work of some **persons**.

In economics, Karl Marx, certainly a scientific thinker, furnished an example of this easiness with which even philosophers turn to "personal" thinking in their own domain if they met with details not to be subsumed under the rules or notions they habitually apply. Marx derived all economic misery from the separation of the worker from his instruments of production. But in his book "Das Kapital", where he describes many single inconveniences in factories, mines and estates, he describes them always as the effect of the wickedness of the capitalists. The temptation was near at hand, for evils like "the factory leg" have obviously nothing immediately to do with the separation of the worker from the instruments of his production.

For about 20 or 30 years the detection of the "cause" element in accidents, even presently still and simply ascribed to the **guilt** of those concerned, has become a special science. If at the time of our grandfathers a worker suffered an accident then it was the usual way to judge about it, that the worker was not cautious enough. Today a well-trained engineer inspects the place where the worker suffered the accident and finds, perhaps, that the lighting of the room was insufficient and measures the degree of insufficiency. Probably neither the workers nor the employer had noticed this insufficiency.

These seemingly purely theoretical considerations apply to an important feature in the economy of **Russia** and, therefore, to the economic and political situation in the whole world. The rulers of Russia do not think in the categories of cause and effect, they think in terms of "intentions" and "guilt". That applies not only to the rulers in the Kremlin but still more so to the rulers of 2nd, 3rd, etc. class, down to the overseer in a mine. All that does not harmonise with the "plan" is "sabotage", every delay, every running off the rails, every breaking of a tool is considered to be intentional by those who are concerned and is punished, at least in a concentration camp, and often by punishments that amount to capital punishment, as the work in the Uranium mines.

How long can such a system endure? Experience shows, that it endures as long until those threatened by it find the ways and means to revolt against the rulers. If they do not find these ways and means then that system may endure for centuries, as taught by the history of Imperial China, where every failure in administration or on the battlefield cost the life of the "guilty" official or general. If the supreme ruler believes in the system of "every failure is due to guilt", then the life of his next subordinates are always in danger. But these subordinates are the **true** rulers of the country and, therefore, it is not rare that they succeed in removing the supreme ruler. A classical example is the history of the National Convention in the years 1793 and 1794. Robespierre and his "clique" were removed at the very day when about a dozen deputies detected that their names were on a list of Robespierre of those to whom he believed guilty of the slow progress made in "renewing" society according to the principles of Rousseau. (The romantic story of the detection of the list, by the mix-up of a fancy dress at a masked ball, was often told and sometimes filmed.) Two days later Robespierre was guillotined.

The neighbours of a state like the Russia of today may always suppose that a great part of the ruler's subordinates or of the leaders of the armed forces feel themselves threatened and will act anyway against the ruler if they would see any possibility.

It was the great merit of the **Romans** firstly to suppose such conditions to exist in all despotic States with which they had relations and, secondly, never to apply the principle: every failure is due to sabotage. The application of these lessons of history is near at hand: Induce the military or the civil ruler of a province to secede from Moscow.

Offer him help in a way that appears evidently possible to him; assist him by a good social programme (aim: in 30 years or so the Russian workers are to live as now the Americans live), and the Russian government will be no more secure in the Kremlin than the Tsars were in their palaces at and around St. Petersburg.

Such considerations are not beyond a **scientific management** of foreign policy.

Very truly yours - signed: U. v. Beckerath

U. v. Beckerath, 28. 12. 1948. Your letter from 14-th of December, received at 25-th December.

Dear Mr. Meulen,

concerning: Long-term credit by Free Banking.

I think we agree in the following principles:

1.) The banker and his debtors form an economic unit. The nature of such a unit was, in Germany, first set in the right light by **Knapp** in his work: "Staatliche Theorie des Geldes" ("Theory of money, considered from the standpoint of the State.") Knapp called such a unit - - it need not be a registered society - - whose members accept a means of payment as if they would receive cash money, a "Zahlungsgemeinschaft" (perhaps to be translated as a "payment community").

In the case of a forced currency, the inhabitants of that territory, in which the forced currency must be accepted, form a "Zahlungsgemeinschaft". Those persons also, of whom a note-issuing banker may be sure that they will accept his notes at par, do form a payment union.

I do not know whether in England or in America the notion of a "Zahlungsgemeinschaft" has been used in the theory, of money. In any case, it is an interesting new notion and of practical value.

As an example of an interesting "Zahlungsgemeinschaft" I would still mention the inhabitants of old Prussia until 1871. Until this year all gold coins of the continent were accepted at the public pay offices, at a fixed quotation and with very few exceptions. If England created new coins, she supplied, at the same time, also Prussia with gold coins. The same was the case with France and other countries. The inhabitants of Prussia formed a payment union with the whole of Europe and the USA, by the wise monetary policy of the old statesmen of the school of Freiherr vom Stein.

2.) It is the task of a banker to help his customers, especially his debtors and his creditors, to use their goods, labour and claims as ready money or - - if they preferred this - - as a money employed in the future.

So far we certainly agree.

Perhaps we do not yet agree but certainly will agree later on the following principles:

It is essential for the working of Free Banking and does constitute a fundamental principle that a debtor of a note-issuing banker is formally obliged to accept the notes of his banker at par, regardless of how they are quoted at the market or at the exchange, at least to an amount equal to his debt + a little more, say 10 % or 20 % or so.

It is essential, too, that every businessman knows up to what amounts the debtor is ready to accept at par his banker's notes.

It is further essential that the debtor of the banker obliges his debtors (I called them debtors of the second order) to likewise accept the banker's notes at par, at least up to the amount for which he is indebted + a little more.

Theoretically, the debtors of third and higher orders should be loaded with the same obligation, but in practice the possibility to secure an acceptance at par by indirect debtors of the banker will cease at debtors of second order. If it would be possible to secure the readiness of owners of goods, skills or claims, when they are debtors of any order, then the banker's notes would, as far as what the par value is concerned, be secured like it is in a forced currency.

I know that we do not as yet agree but I strongly hope that later we will agree on the following principle:

The debtors of a note-issuing banker should be so selected, that their goods or services are of the kind called in German "Gegenstaende taeglichen Bedarfs" (daily wanted consumer goods or services). If there arises any distrust in the notes - - say, by fear of a war, of a revolution, an invasion - - things which have nothing to do with the banker's honesty - - then the note holders should have the option to "realize", without much delay, his notes into goods or services. If that principle is followed, even in times of panic, then the notes cannot get a discount. It is remarkable that if the principle is followed then a tendency arises - - feeble as it may be - - for opportunities for labour and even for the banker. Of course, the notes which disappeared so quickly from the circulation must be replaced, for even in times of panics the people cannot be without typified means of payment. (The stores had rapidly sold out goods, in this "run" upon their stocks and they must put in replacement orders, which require labour to be fulfilled. To that extent business as usual goes on. - J.Z., 9.1.02.)

If the banker is the municipality of a town, car yards and watchmakers must not be excluded from the possibility of becoming debtors of the bank. (In old times towns as bankers were not an unheard-of thing.) The same would apply if the banker has a very wide-spread sphere of debtors, so that the probability is more than 90 % that, in times of panics among the note-holders, there will also be people who buy a car rather than keep the notes in their pocket.

That the debtor of the banker should always have the right to repay his loan is a principle which was known, obviously, already at the time of Adam Smith and was generally practised. I conclude that from the report of Adam Smith in the chapter "Of Money" in his "The Wealth of Nations".

You are quite right to demand that the regular publications of the banker should also contain details on the **length** of the agreed-upon time for the repayment of loans. But here I go farther than you insofar as I

1.) firstly demand, that not only the **average** length should be reported, but that the report should contain what in German is called a complete "Liquiditaets-Bilanz", (Liquidity balance - J.Z.)

2.) an indication of the length of **every** loan.

The **time** factor is rarely considered in economic considerations and if it is considered then not in a sufficiently detailed manner. But in Free Banking the time factor is decisive.

The average length is not sufficient, which becomes evident from the following example:

One million of money units (marks, pounds, dollars, etc.) is lent out in notes for - - say - - 20 days (the average length of loans at the old Reichsbank) and 100,000 units for 1 year. Then the average length, **exactly** calculated, would be:

$$\frac{1,000,000 \times 20 + 100,000 \times 365.24}{1,100,000} = 51$$

That would seem to be a little too much, but would not **seem** in to bring the note holders into danger to lose with their notes. But if the old paper money theory (emphasised by Adolph Wagner, by Michaelis and nearly all others in Germany) is right, then the 100,000 units constitute not only a danger, but the certainty of bankruptcy.

I think that, in reality, the banker will not even calculate thus. He will reckon as follows:
10,000 loans of 100 units each. (Let us suppose that the numbers were correct.) Each loan has a length of 20 days.
One loan of 100,000 units. (Let us suppose that this figure would also be correct.) Then, the banker calculates:

10,000 loans at 20 days length
1 loan at 365.25 days length,

average:

$$\frac{10,000 \times 20 + 1 \times 365.25}{10,001} = 20.036525 \approx 20 \text{ days average length.}$$

Probably the most honourable banker would calculate in this way and so deceive himself and others. Honesty does not include the knowledge of the theory of averages.

Darkness.

(Meaning: Now darkness prevails again, due to rationing of electricity supplies and I cannot continue writing. - J.Z., 9.1.03.)

29. 12. 1948.

For the purpose of my demonstration I suppose that the debtors are obliged to repay their loan every day with 1/20th of the original amount, so that at the 21st day every loan is repaid.

A regular repayment or at least a repayment in short intervals was the usage at the old Scottish banks as reported by Adam Smith.

That the loans were to be repaid in notes of the banker is essential. Not in all cases will the debtor be able to procure enough notes of his banker for his repayments. Then he may pay with other means of payment (coins, treasury notes, other "local currency"), but with a little additional amount, say 1/1000. That additional amount is necessary for the banker. He must buy at the market or at the Exchange his own notes - for coins, notes of other banks, etc., so that a continuous demand for his notes is maintained in the community. This demand may come from the debtors or from the banker himself. The buying of his own notes costs something for which the banker must be compensated by the debtor.

The principle is old. It seems that it was first used in Prussia in the year 1815, after the Napoleonic Wars. In April 1815 a Prussian law prescribed that 1/2 of all taxes must be paid in paper money (Tresorscheine). For every Thaler that was paid in silver instead of in paper (as far as the 50 % were concerned) the taxpayer must pay an additional "Groschen", which at that time was 1/24 th of a Thaler, and 1 Thaler was about three old Shillings.

So the additional amount was equal to 1/24th or about 4 %. (In our days a smaller additional amount will be sufficient.)

Some years later the additional amount for the Prussian taxpayers was reduced and some decades later it had fallen into oblivion.

But the aim was attained. A continuous demand for paper money was created, so that sometimes the Prussian paper money quoted a little over par at the exchanges, e.g. at Frankfurt on the Main. And in reality the State was bankrupt!

For the purpose of my demonstration I have sketched a model of a report to be published by the note issuing banker,

A.) for the case that he operates on the plan which I think right and which would have been the plan of the Cheque Banks according to Bill IV of the celebrated "Four Bills". (Zander, the apostate, was one of the authors.)

B.) A Plan according to your ideas on granting long term loans by Free Banks. I used as example the length of one year, although you had, probably, in mind a length of several years. But the case where one year is adopted as a normal length shows - - I think - - that already such a length is economically impossible.

If the average note holder reads a report like the enclosed, he will - - I think - - trust the value of the note. And if he does not trust it, then he goes to one of the stores or firms published (they are also, recognisable by posters), buys what he in need of and is thus rid of the note and his distrust.

The only effect of his distrust is an acceleration of the turnover in a store. The storekeeper - - perhaps also distrustful, takes the note, pays with it a part of his debt to the banker and the thing is insofar settled.

Very different the situation of a banker who operates on a plan such as yours.

If the note-holder reads in report like that here enclosed, he will be terrified. At once he will come to the banker and demand gold, for "The last is bitten by the dogs!" (Den Letzten beissen die Hunde.)

In a banking-business on the basis of the Four Bills gold is quite useless, at least in the vaults of the banker. That gold is not forbidden in the community, **that** is essential.

Darkness.

30.12.48.

From the preceding it should not be concluded that a note-issuing banker's help is unnecessary for procuring a long-term credit. But the security of the notes should, in the case of long-term credit, not be that, what the debtor has to offer as a security, say a house, a factory, machines, etc., but the security should be that what the man possesses who will be, at last, the creditor (*) of the debtor. Let us consider an example.

(*) (J.Z.: He should he have said "debtor" here, I believe. Lastly any debtor can repay his debts only out of his income, i.e., out of what his debtors owe to him. - J.Z., 9.1.03.)

Suppose a Building Society wishes to build 100 houses, each worth L 5,000. The houses will be sold through the well-known hire-purchase system. If a tenant pays monthly L 48.80 and that punctually for 144 months, the house is his property at the end of 12 years.

If no interest would be demanded, a monthly payment of $5000 : 144 = L 34.72$ would be sufficient. The difference of $48.79 - 34.72 = 14.07$ secures an interest of 1/2 % monthly on the outstanding debt. (An interest rate of 1/3 rd % monthly would require a monthly payment of L 43.78)

The Building Society wants L 500, 000 to perform its program.

Now many people say: Very simple - - let the banker lend the society L 500, 000 in notes. The society repays the loan in 144 instalments of $100 \times L 48.80 = L 4.880$ or a little less, if he is willing to receive less than 1/2 % interest monthly on the rest of the debt. But that is economically impossible.

Adam Smith speaks about that principle of "raising money by circulation" in his chapter "Of Money". There he says: A note-issuing bank is an excellent creditor for the debtor of long-term credit, but a debtor of long-term credit is an evil debtor for the note-issuing bank. Here Adam Smith does here not speak of the trustworthiness of businessmen in the usual sense. He speaks only of the economic nature of that kind of loans.

Possible and desirable is another way.

The banker, the building society itself and their friends look out for persons or firms that possess goods or are ready to render services (say a bus line) but wish to receive the equivalent not at once but later and to whom the plan of liquidation - - 144 terms - - is convenient. The bus line may have a demand for its superannuation fund, other people for other purposes. Then the banker sells the enterprise some shares or certificates or whatever they may be called, which are equipped like gilt-edged papers usually equipped. The bond contains a plan for redemption by drawing, as it usually is. The buyer of the bond obliges himself to pay it in lump sum at a fixed date or by instalments. (Selling bonds by instalments is prohibited in most countries, but such a prohibition goes too far.

Now the banker lends to the building society so much in his own notes as he is able to sell in bonds. Say, within a week he sells L 20. 000 in bonds and under conditions, that make sure that the buyers will have paid the bonds within one week or two.

Then the banker can lend the building company L 20.000 in notes.

To the buyer of the bonds he says: I accept as means of payment either cash money or - - and I prefer that - - my own notes.

One may suppose that the building society spends the received notes in a short time - - perhaps in two weeks - - for wages, materials, services of architects, etc. The notes will find their way to the people that bought the bonds. If not, and these people pay the banker the bonds by other means of payment, say cash, then the banker buys at the market or at the Exchange, his own notes for the amount he received in cash or other means of payment.

The principle is: There shall never be more notes outstanding than are covered by debts or at least by the readiness of people (expressis verbis stated) to accept the notes, at par, in their usual business. In case of arising distrust, the note holder must always have the option to get rid of the notes by buying things that are daily wanted.

I explained this kind of banking in my dissertations, published in the Annals of Collective Economy (Annales de l'économie collective), edited by Professor Milhaud, who got them translated into French and English. (The English translation is so bad, that it is nearly unintelligible. The French translation is excellent.) I regret that all copies in my possession are burnt. But the editor, Professor Edgar Milhaud, Genève, certainly still possesses copies.

Selling bonds to persons who wish to buy such bonds and to permit them to pay the bonds with the bankers own notes, if such notes are received in the usual business of the buyers, that is all the help the banker can grant to the buyers on the one side and to the society on the other. But this help is powerful.

If - - an extreme case - - nobody in the community wishes to buy bonds of the kind the building society can provide, then the building society can get no loan from any side, neither from a private person nor from any banker. If the banker, nevertheless, lends to the building society notes in the hope that these notes will not return to him, because he is known as an honest man, then he deprives some (unknown) person or persons of the amount of outstanding notes. He diminishes the stock of saleable goods and he augments the amount of the currency of the community, which means a private inflation as long as the notes are in circulation. But such private inflations can never continue for a long time, I think for no longer than four weeks, if the banker publishes his affairs. (Details of his issues. - J.Z., 9.1.03.)

The old Scottish bankers were not so cautious as is required by the here explained principle. By the following reasons they are justified:

1.) The standard of the country was a silver standard.

A sum of 100 shillings in silver tears the pockets in which the sum is transported, if the pocket is not made of leather, as, indeed, was usual at that time. But for greater sums people preferred paper money as more convenient. If paper money is preferred to silver money then the banker is much less threatened by a run. Where gold coins are the general means of payment the situation is very different.

(I plead for what the German economists call a: "Parallelwährung" (parallel value standard - J.Z.), which is not the same as a double standard), or Bimetallism.)

(J.Z.:In Beckerath's monetary freedom system there would be no fixed rate or legal tender between the two metals but a freely floating rate! Thus the difficulties frequently experienced with Bimetallism would be avoided. - J.Z., 9.1.03.)

2.) The "option clause protected the bankers nearly to 100 %. The time provided in the option clauses was generally 6 months. (From that I conclude that the bankers did not grant loans in notes for more than 6 months/

3.) The circulation of goods as well as of money was at the time of the old Scottish banking much slower than it is today.

4.) A banker at the time of the old Scottish banking was a very powerful man. Whoever presented him with a great amount in notes for redemption became his enemy - - a serious matter, seeing that such an enemy could not hope to get loans when he needed them. That was even the case at the old Prussian central note-issuing bank until 1871, although the bank had always silver and after 1871 gold enough.

That must be sufficient for today.

I heartily wish you a happy new year and health first of all.

Yours truly - signed: U. v. Beckerath

29. 12. 1948,

A	B	C
Date	Amount of outstanding notes.	Amount for which the banker's debtors are obliged to accept the notes at par in their usual business.
1. II.	L 1, 000, 000	zero
from 1.II. to 1. III.	1, 000, 000	L 85, 150
1. III.	918, 183	85, 150
1.II. of next year	zero	zero

D

Amount of gold or other values ready at the banker's counter to redeem presented notes. (ounces)

Date:

-

The emission is based on a series of loans of the same type, each to be repaid in 12 months and for an interest of 1/3 rd % per month for the outstanding debt.

The interest tables show that for such a loan the debtor has to pay monthly 8.5150 % of the original debt.

29.12.1948.

A	B	C
Date	Amount of outstanding notes and of outstanding credits, which at any time, on demand, may be called in, in notes. demand, be called in, in notes.	Amount for which the Banker's debtors and other persons are obliged or obliged themselves to accept the notes at par (provided the debtors did not repay their debt before the date) in their usual business.
1. II.	L 200,000	L 220, 000
2. II.	190,000	209, 000
3. II. Sunday		
4. II.	180,000	198, 000
5. II.	170,000	187, 000
	Etc.	Etc.
9. II.	130,000	143,000
10. II. Sunday		
11. II.	120,000	132,000
12. II.	110,000	121,000
13. II.	100,000	110,000
	Etc.	Etc.
16. II.	80, 000	88,000
	Etc.	Etc.
21. II.	30,000	33,000

22. II. Sunday		
23. II.	20,000	22,000
24. II.	10,000	11,000

25. II. All notes returned to the banker or bought by the banker at the market if the debtors paid by other means of payment than the banker's notes. In the amounts of this column are not included those amounts, which will be voluntarily accepted at par by persons, who are not obliged to accept the notes.

D

List of the main places or persons who are obliged to accept the notes at par, in their usual business.

- 1.) The bank itself.
 - 2.) Ware house XYZ.
 - 3.) Bus line x 1, y 1, z 1.
 - 4.) Tobacco store X2, Y2, Z2.
 - 5.) Theatre X3, Y3, Z3.
- Etc.

E

Remarks:

The notes in circulation after the 2. II. at an amount of more than L 190,000 correspond to loans contracted after that date.

31. 12. 1948.

Dear Mr. Meulen,

If one considers the "modern" tendency (it is not so modern, it is some decades old or even older: perhaps you know Max Stirner's "The Unique and his Property", 1844), to give the **State** as many functions and properties as possible, then you swim against the stream. But, as was often observed, all social or economic developments consist in the formation and subsequent dissolution of **whirls**. The whirl itself may advance while a part of it seems to retire. This taken into consideration, one must say that you swim **with** the stream insofar as you move in the direction of the great whirl which moves now all institutions, opinions and individuals. And the direction of the great whirl - - **s o** great that nobody perceives its beginnings and its true dimensions - - is: replacing the State by voluntary organisations.

The State-socialists (who are always State-capitalists, whether they like to hear this or not) do themselves recognize the fact. I quoted to you an often reprinted passage from **Engels'** "Development of Socialism from an Utopia to a Science", which is also cited approvingly by Stalin in his remarkable book: "Questions of Leninism". (Page 723 of the German edition.)

What is the centre of the State's power? As statist themselves admit, it is the **money**-monopoly, more exactly expressed, the monopoly of the means of payment. In 1934 in Russia they had great "forgery" trials, where many factory managers were sentenced. What happened in that year in Russia? The State Bank, for some reason or the other, was unable to procure enough money (*) to pay the wage earners. The workers spontaneously assembled in the factory courts and demanded their pay but the managers had no means of payment and could not get any from the government bank. In this situation the managers found a natural way out of this difficulty. They ordered notes to be printed, without delay, notes that were valid in the workers' cooperative stores, and paid them their wages with these notes.

The government at once and instinctively felt itself endangered, for if this procedure would have spread, then the possibility would have been recognised to exchange goods, labour and all things without the intercession of the State bank and even to finance a resistance movement. "Principiis obsta" (Resist the beginnings!), said the government and sent the managers to the concentration camps as "forgers".

What the Russian factory managers did was using the Free Banking principle, but in an imperfect form. Indeed, the Free Banking principle is the explosive with which the modern, omnipotent, all-exploitative State **c a n** be blown up and one day **will** be blown up, with the money mechanism forming the bore-hole. (Mind you, this could

be a quite peaceful "blow-up, with not a single drop of blood spilled and not a single building being destroyed. The buildings of the Central Bank, as well, can be used for something more rightful and sensible. - J.Z., 9.1.03.)

You see, dear Mr. Meulen, that you are the most dangerous revolutionist, considered from the point of view of the State. If you want this or not, under the old war cry "Britons never shall be slaves!" the workers of England will begin a revolution, one at the same time national and social. With the invincible weapon of Free Banking they will regain their liberty.

(J.Z.: Regain? Did they ever have full liberty before? And have "the workers" shown any interest in their monetary freedom options? - J.Z., 9.1.03.)

The sons will not believe that a government could prescribe their fathers what they were permitted to eat, to drink and otherwise to consume. And your name will be mentioned simply because you are now the **only** man in England who still fights for Free Banking.

Remember the 12 pioneers of Rochdale 101 years ago. They were poor weavers and - - as often remarked - - transformed a good part of the world's economy. If their success was not greater, it was because they did not know the principle of Free Banking. It must be your task to spread the knowledge of the principle among England's workers. Let not the year 1949 pass without having won at least 12 adherents among the working class - - men that claim as a personal right, which no majority can abridge to a minority: to take all of their own affairs into their own hands, which they are willing and believe themselves to be able to conduct, beginning with the exchange of labour-products without the interference of monopolistic banks.

In this sense: a happy new year!

Yours truly - signed: U. v. Beckerath.

(J.Z.: Alas, when Meulen died, in 1978, his THE INDIVIDUALIST had not many more than 100 subscribers and I doubt that a single blue collar worker was among them. Even Meulen himself was not prepared to quite freely discuss all monetary freedom options that deviated from his own "free banking" project. He never explained why the remaining monetary freedom option (which he claimed did exist), for the issue of notes not promising redemption in gold or English government pounds, were not taken up by any of the money reformers in England, least of all by himself and his own little group, the Personal Rights Association. The only English "goods warrant", that I ever encountered, was a canteen coupon for some food at the airport, when my flight was diverted to London due to fog in Frankfurt. English trade union workers certainly showed no interest in alternative means of payment for themselves and for unemployed workers and, to my knowledge, they still don't. Even the somewhat better educated civil servants have, apparently, never demanded to be paid in a currency that is more sound, and sufficiently supplied at the same time, than is and was the governmental paper pound. - The publication of small and short newsletters - The Individualist had only about 60 pages p.a., in 6 issues - seems to indicate that even among their subscribers there are not enough people who have the interest, time and energy to read and write more, particularly when these newsletters have become very personalised ones, like Henry Meulen's little freedom journal was. Just 12 pages every 2 months! Their readers become then largely a small in-group of largely closed minds for everything outside their "party-line" and the programme of the journals tends to become just that of one man, the editor. An open-input rule should be applied, as far as possible. Few editors manage to do that. - With alternative media one can adopt such a rule to an almost unlimited extent, especially when it comes to CD-ROMs and DVDs reproducing many long texts. - J.Z., 9.1.03 & 22.5.03.)

(*) (J.Z.: After the fall of the Soviet regime and while its communist central banking and all too much of its centrally misdirected "planned" economy was continued, and even during a rapid paper money inflation, government employees were often unpaid for weeks and sometimes for months!

On a smaller scale, we have governmental payment difficulties even in government finance in "democracies" like Australia. The Australian Defence Minister, whose bureaucracy had greatly underestimated some defence costs, could not even resort to a supposed cash surplus account of 1 billion, intended for emergency spending, because even this supposedly "ready cash" was, as he said, tied up in red tape! (According to a recent newspaper report.) Via taxation and other charges governments often withdraw much of their monopoly money from circulation and then there are so many and long delays through their bureaucracy, before this money is spent again, that quite severe deflationary effects, with mass unemployment, can appear. According to research of the circle around Ulrich von Beckerath, on the already all too short supply of government cash, just after the Great German Inflation, which ended in 1923, up to one quarter of the supposedly "circulating" new notes were held up in government offices, on

their bank accounts, between their collection as taxes and their spending for various government programmes. That kind of government created bottleneck for an essential commodity, namely cash exchange media, has been all too little studied. It is simply taken for granted that taxation would not even temporarily reduce the note circulation. Indeed, governments are "great" spenders and often even spend more than they rob in taxes. But often they do not spend as fast as they take and under a money-issue monopoly that can create great difficulties. Then and thus the make even the raising of further taxes difficult - because there are not enough means of exchange to pay them with. What results may then be comparable to the attempt of an Inquisitor to extract a confession from a dumb and deaf victim. - J.Z., 9.1.03.)

2. I. 1949. Your letter of 28th of Dec., received the 30th of Dec. (!!!!!)

Dear Mr. Meulen,

your letter is most interesting. You knew Kitson personally!!

That Kitson represented you as a bad Englishman was the worst he did. If your ideas, for which you took so much trouble, would be realized, in every part of the world, there would arise a strong movement among the people to become a member of the British Commonwealth. Opposing governments in India, in Burma, in China and other countries would be swept away. People would say: A nation, which is so well organised, creates labour for every individual, and is ready to communicate its methods to everybody who likes to learn from them, protects self-government in every country and gives to everybody who lives under its flag the possibility to die as a rich man, such a nation we would like to join! But the methods proposed by Kitson are now - - at least concerning the State-monopoly of money - - realized and the indirect effect is or contributed to the present state: What more than 3 centuries built up is lost in less than 3 decades - - India (practically) lost, Burma lost, etc., etc. Kitson is excused by his ignorance on the principles about which he would instruct others. But that is no glorious exculpation.

When I was about 15 years, I spoke to an old man about the war of 1870/71. I was a pro-Prussian - - of course -- for we are all born as nationalists and fascists. Then the man asked me simply: And what would your point of view be, if by chance you would have been born in Paris??? That puzzled me and at last I understood him.

Benjamin Tucker's " Instead of a book. After the repeal of the socialist-laws in 1889 there was founded in Berlin a little group of Individualist Anarchists - - peaceful reformers such as Tucker was, whose aim was merely to confine the State's activities as far as technically possible. (Here the Tucker-Group was in the same line as Herbert Spencer, Kant, 100 other excellent thinkers and the old and so often misunderstood Manchester School.) I got some pamphlets edited by the group and read also - - with all enthusiasm of that age - - Max Stirner's "Der Einzige und sein Eigentum". Since that time I tried to get "Instead of a book" but I never got it until some time before the 22nd of November 1943, when a great air-fleet burnt my library, my house, some thousands of other houses, killed many women and children, but spared the high furnaces on its way from England to Berlin. It was convinced to have contributed something to its own glory and the end of the war. Among the burnt books was that of Tucker, and I had not yet found the time to read it. Now I am too old and will never read it.

In the 90's there appeared in New York a periodical "Sound Currency", excellently edited and in its content near to the ideas of the Four Bills. One of the best articles was that of John DeWitt Warner: The "Currency Famine of 1893", published in 1895 and reprinted 1896. The author explained the goodness and economic possibility of Free Banking by the example of the "Clearing-house certificates" very generally used in the weeks of the currency famine. I think at London this magazine is still obtainable. If you will read it, you will be very pleased.

I will take it as a good omen that you entered the new year in relatively good health.

I do hope to be able to continue next Sunday. Please do not ascribe the voluminous letters of these days to other reasons than the fertility of the thoughts in your letters. That my nature does not tend to loquacity in writing I have proved - - not to my honour, indeed - - in the last year, when my expense for ink ribbons was smaller than in any year before.

Very truly yours - signed: U. v. Beckerath.

Dear Mr. Meulen,

the importance of the subject may justify me if I write you so much about it. The monopoly of the means of payment is, probably, besides atomic bombs, at the moment the most serious menace to the world's culture - - not only the Western world's, as the events in the Far East teach. The history of the world is not, as Marx erroneously believed, a history of class-wars, it is essentially the history of the means of payment.

Gibbon - - the splendid and unique Gibbon - - was quite right when he stated: If the monks, who brought **silk** from China to the emperor Justinian, would have brought from there **paper** and the knowledge to manufacture it, and if Justinian would have been intelligent enough to use it for paper money, then the history of the world would have been very different from what it became and a better one. (Among the 3,000 books of my library were also those of Gibbon.)

If the danger through the monopoly of the means of payment is so large, as I see it and as you see it, then Free Banking is the most important thing in the world. Suppose, any enlightened government grants it to its subjects, and the subjects do not use it in the technically and economically right way, so that the notes get a discount immediately after their being issued and then are declined by the people, everybody will ascribe the failure not to the special application of the Free Banking principle but to the principle itself, and it **may** be, that the principle never has a further chance, because everybody believes it refuted by experience.

(J.Z.: Compare how the results of the lack of sufficient freedom was often ascribed "laissez-faire", or to the free market or to competition, or to free enterprise capitalism, while neither were as yet sufficiently realized and all the remaining man-made evils were really due to the remaining monopolies, other interventionism and ignorance and prejudices. - J.Z., 9.1.03.)

The greatest danger to Free Banking is the **seeming** possibility to create by it an immediate possibility of long term credit. The opinion that the Free Banking principle may be used for this purpose is widespread. Permit me to demonstrate the **right** principle of Free Banking by some propositions (?suppositions"? contrasts? - Here the text is an illegible: o--ositions. - J.Z.)

Under the heading I, I will lay out the application of the principle as it would be, if Bill No. IV of the Four Bills would be enacted by legislation. Under II, I will lay out the application, if the proposal: "raise money by circulation" is applied.

I.) Free Banking creates means of payment by subdividing money-valued, ready claims originating from selling goods or labour. The claims, running to great sums, are converted into notes by the banker.

II.) Free Banking creates money by converting the value of the claims or goods, due at once or later, into money.

I.) What keeps the notes in circulation is the certainty for every note holder

(J.Z.:B. usually says: "note bearer" and I replaced it with "note holder". His term may not be as common but is insofar perhaps more correct, as the note bearer seems to be on the move and seems to already offer his notes in exchange. - J.Z., 9.1.03.)

that he may convert the notes at any time into objects of daily want, say victuals, barber services and similar ones.

II.) What keeps the notes in circulation is the **trust** of the public in the honesty of the banker, the word honesty taken in its usual, moral sense.

I.) It is an advantage, especially for the banker, if his notes return to him as quickly as possible.

II.) It is an advantage if the issued notes are in circulation as long as possible.

I.) Gold has nothing to do with the business of Free Banking, excepting the case of the banker's debtor having gold coins and being willing to pay with them. But the banker would in this case have the right to claim a little premium. (10/00 or so.) The banker should not be entitled to demand gold coins. (Nor should the creditor be entitled to demand gold coins from the banker. - J.Z., 9.1.03.)

II.) A stock of gold is a useful help in the business of Free Banking.

I.) The asset of a long-term credit is always, in the **last** resort, a house, a great machine, a ship or a similar good, for normal buyers not payable in a lump sum. The goods produced by long-term credit are - - and that is very important - - produced by workers - - the word taken in a wide sense, including managers of factories - - who, on their part, consume goods as victuals, clothing, etc., that is goods in daily demand. Insofar the use of long-term credit for the production of goods, of the above-mentioned kind, is an exchange of goods in daily demand against houses, ships, machines, etc. Free Banking takes that circumstance into consideration.

II. The note-issuing banker has nothing to do with such considerations. Expressed in ideas of his business: The intercalating of short-term credit between the financing of the mentioned goods and the issuing of the notes is quite out of the banker's considerations.

I. If the house, the ship, the machine etc. is manufactured and the manufacturing well financed, there are bondholders, who are now the creditors of the house owner, the ship owner, the machine owner, etc. The banker has nothing more to do neither with the owners nor with the bondholders. The notes, by which he financed the production have all returned to the banker.

II. All notes used for financing the houses etc. are in circulation and return to the banker to the degree in which the owners of the houses etc. pay their debt to the banker in notes.

I) If the owner of the house will repay to the creditors (bond-holders) the interest and the instalments, it may well be that he applies for financial help to the banker. If he does, the process of financing is accomplished a second time in (reverse?) direction - - of course for the banker's advantage.

II. That is an idea quite outside of the usual business ideas.

I.) The Free Banking principle may easily be used for the external trade. The importer may issue, with the help of the banker, certificates not convertible into cash but only to be accepted as cash in the debtor's usual business. The denomination may be - say - 100 dollars or more per certificate.

Say, into England would be imported goods from abroad for an amount of 1,000 millions of dollars within half a year. All Gazette-economists faint and think England's industry will be ruined. Then they begin to meditate: By this principle of payment every dollar of imported goods **must** create corresponding labour for English workers (the word taken in its widest sense) and the amount of currency in England remains quite unchanged.

II.) Free Banking has nothing to do with external trade.

So much today. In a few minutes the current will be switched off.

Yours truly - signed: U. v. Beckerath.

2. I. 1949

Dear Mr. Meulen,

Schopenhauer in his dissertation "Ueber Geistersehn und was damit zusammenhaengt" and also in his book "Der Wille in der Natur", explained, that many of the "magic" apparitions, such as spectre apparitions, do not prove an **individual** immortality. (His views were somewhat those of the modern School, which supposes the existence of a "group soul", but Schopenhauer's views, founded on Kant, are much more superior.)

The thing is important enough, since the ghost apparitions in the "séances" of the spiritualists seem to reveal a world no less terrible than our present world, but ridiculous in all its dreadfulness. Schopenhauer demonstrates that the apparitions are to be interpreted in a manner quite different from all interpretations given before him and, above all, different from the seeming immediately following from the observations.

The most astonishing phenomenon reported from the séances is that which happened in the 70's of the nineteenth century in experiments of Professor **Zoellner** at Leipzig with the medium **Slade**. Zoellner summoned the "spirits" to change the polarisation angle and the polarisation direction of a solution of grape-sugar, what he did. Zoellner published his experiments in a volume "Transcendental-Physik" (a pearl of my library, burnt). The experiments were watched by some of Germany's first scientists, such as Wilhelm Weber (the man who 80 years [or so]) ago firstly calculated atomic energies and said: in a copper penny there is more energy than would be used in transporting a great steamer from Hamburg to New York and back), Scheibner - - an excellent physician and mathematician, Fechner, the founder of the modern Kollektiv-Masslehre", that is of modern Statistics.

If it is possible to change the "atomic" structure of matter by intervention of that unknown force still now called "spirits", then the possibility to bring atomic bombs to explosion before they are transported to the spot where the transporters will let them explode, is given. If Zoellner still lived, he would simply say: Well, I will ask my "spirits"!

The dissertation "Ueber Geistersehen etc." in the work "Parerga and Paralipomena" you will have read in less than two hours.

I think the German text will be intelligible for you.

These few words in haste.

Very truly yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

4.1.1949.

Dear Mr. Meulen,

in countries like England or Germany, in times of a stable currency, the demand for opportunities to **invest** is always greater than the demand of trustworthy debtors for new credits. Look at the English or the American Building Society movement. Especially in England, not in any year were the Building Societies in difficulties getting new money. But they had often difficulties in investing money. About 20 years ago, some of the greatest Building Societies found it necessary to restrain the influx of new money. (The Building Societies Gazette, Cursitor (Oursitor? - J.Z.) Street, will give you all the information. You can also get information from the Abbey Road Building Society under the brilliant management of Sir Harold Bellmann [I do hope he is still alive] - - but I forgot its address.)

The interest rate, under such circumstances, is practically equal to the costs of administration + the risk premium, that is about 2 1/2 p.a., in Germany a little more.

If one acknowledged these facts then one will agree that the task of a banker, the word taken in the sense of 1843, will be less to **create** capital for trustworthy debtors - - say by note-issuing - - but to **intermediate** between debtor and investor. This intermediation also requires note-issues - - a fact, although it seems that even now it is seldom noticed, although it was certainly used already, for practical financing during the times of the old Scottish banking.

The intermediation consists in subdividing the investors' capital into money-like pieces and to hand these to the debtor in the form of these pieces, that is in notes. The intermediation requires a very short time, so that the banker's capacity for new note-issues is restored at short intervals.

According to the old "raise money by circulation" theory, the banker must not look out for investors. Investors are superfluous for long-term credit. The issued notes themselves are a good "Ersatz" for the investor, and the banker's capacity to issue notes is the inexhaustible source of long-term credit, whose ultimate foundation is the trust of the note-bearer in the banker's honesty, the word taken in the usual moral sense.

But the following consideration show that in this idea something must be wrong.

Everybody will admit that there is **some** limit for the quantity of currency in a community. For England the limit may be L or L 10, 000 millions or more, **some** limit exists, provided a pound represents a tolerably stable quantity of goods or labour for the time under consideration.

NOW - - after the limit is reached, obviously no further issuing of notes is possible, except by proclaiming the notes a legal tender. (Cours forcé). Here this case shall not be taken into consideration. If no further issuing of notes is possible, then the former source of long-term credit does not longer exist. Is long-term credit then impossible? Certainly not, but then it is only possible by any other system, e.g. by the system of the Four Bills. And now the question arises: Why not at once begin by this system without trying to supply long-term credit simply by issuing notes?????

Yours truly - signed: U. v. Beckerath.

U. v. Beckerath, ... 14. I. 1949. Your letter of 9. I., post stamped 10. I., received yesterday.

Dear Mr. Meulen,

In **great** haste I pick some points from your extremely interesting letter.

You are right: "The history of banking shows that the function of gold in exchange has been to support or supply the defect of mutual trust". **But**

I.) **Kant** teaches, that the principles of that which **should** be done cannot be taken of that which has been done. **Reason** is (says Kant - - and I agree with him - -) the source of the principles which **should** regulate the action of man.

II.) The blocked brains who tried to supply trust by gold overlooked

- a.) that trust **cannot** be replaced by gold. If people do not trust a banker, the banker will not do business, even if he possessed Solomon's treasures.
- b) that banking business requires much more than trust (and gold), trust being one of the many elements, such as ink, paper, tables and rooms to treat the customers' applications.

You are also right:

"As trust develops, less and less gold is used." But is there a causal connection between the two facts:

- a.) gold is less and less used, and
- b.) trust develops - ??????

I think there were bankers (note-issuing bankers) did business, the trust of the banker's customers was as good as it could be and not capable of a further development. What could be developed was the number of the banker's customers, and this number was always as great as it could be under the given political, economic and legal conditions. But it is rightful to say: trust increases, if only the number of the trusting men increases. Nevertheless, the two cases must be distinguished: "the degree of trust increases" and "the number of the trusting people increases".

You are **very** right when you said: "all schemes to compel trust have foundered on the rock of primitive human distrust."

You say: "... the old Scottish banks made their notes redeemable in gold". Hm, hm - - did they not make the notes redeemable in **silver** ??????? Or at the, option of the banker in gold or silver???????

There is a difference. People **prefer** paper to silver for amounts of about more than five old shillings. But they prefer paper to gold only for amounts of about more than five old pounds. The factor is an "irrational" one, but utilised by old banking. (I know it from Germany's history of banking. Before 1871 Germany possessed about 35 note issuing banks, more than old Scotland had of Banking-Corporations. But - - it is true - - the note-issuing private banker was unknown in Germany.)

You say: "I think that new banks which offer to redeem their notes either in gold (at the market price) or in the notes of well established banks, will find it easier to get started than banks whose notes can be redeemed only in the goods of people who have published their willingness to accept the new notes."

I.) I think you will not **prohibit** banks on the basis proposed in my letters; that is all I demand.

II.) As a counter-gift I will not prohibit your basis, but I must demand full publicity - - on which latter point we do agree, I think.

III.) You - - I hope - - will not prohibit people to fix and to measure prices, wages, rents etc. in gold coins. I mean here the system used not only in Germany at the time of the Great Inflation, but also in other countries, say Austria, Poland, Italy, etc. It was even - - although only in a restricted measure - - used in England at the time of the bank restriction, before Parliament prohibited it. ("Mit dem Belagerungszustand kann jeder Esel regieren" [With a state of siege every jackass can govern! - J.Z.], said the very clever and experienced **Metternich**.)

The system consisted in fixing a "floor price" (Grundpreis) in gold coins and paying the price in so much paper money as was indicated by the price of paper money at the Exchange. Example: A book was priced: 10 gold-marks. At that day, when a man bought the book, the price of a ten gold-mark piece was 1,000 paper marks. Then the man paid to the bookseller 10 000 paper marks. Many Englishmen who visited Germany, Austria or Poland etc., after the first world war, will remember this system - - simple and effective, until the moment came when the time difference of a few hours caused variations in the price of gold coins that could not be neglected.

Now, say, a note is issued with the inscription "10 gold-Marks" and then this note is accented in all stores which operate on the described system for the value of 10 gold-Marks, that is, the purchasing power of the note is so constant as is the purchasing power of a 10 Marks gold coin. In the "Four Bills" such notes or typified cheques are provided.

In your system the inscription of the notes obviously is: 10 paper Marks. This requires a definition of the notion "paper mark" on the note. The notion could be defined as: "Paper marks of the value of the paper marks issued by the central bank of the country" or "paper mark of the bank X." And now we come to the central point.

If the people do **not** use the permission to fix the prices, wages, rents, etc. in gold coins, but fixes them in the same paper unit as your notes are fixed, then **perhaps** your system may operate for some time. If prices rise, the people in **this** case do not ascribe to the rise to an inflation coming from the money side (say, an abusive issue of the notes by the central bank, in whose money units the private notes are here supposed to be valued), but to an influence from the side of the economy or any other side.

The workers will say: The capitalists have once more made too high profits, and therefore the prices have risen. The journals and the "experts" will say: "The wages are too high". The astrologers will find the reason in some star constellation. (They always find them **after** the events happened.) And the churches will assert a new lowering of the people's morale.

In this case the price of gold coins or bullion at the Exchange is not observed by average people. Therefore you may offer to such people, when you redeem notes, the price of gold coins at the exchange.

(I do not find B.'s remarks clear enough here. Precisely because average people will not have observed the fall of paper marks or pounds at the Exchange, against gold coins or bullion, they will be shocked when, upon presenting their paper marks or pounds for redemption into gold, they will have to pay much more in paper money for gold than they had expected. They will feel cheated and protest, for the old relationship between not yet or not as much depreciated paper money and gold weight units will not be altogether forgotten. - J.Z., 10.1.03.)

Things are **very** different if the notes are valued in paper units - - say notes of the central bank - - and the prices in the stores on a gold basis. A fortiori things are very different if, at the same time a note-issuing bank does business whose notes are issued as gold-mark-notes. Then the people - - and also average people - - **compares**. As old **Buffon** says (His works are burnt - - 9 volumes of the splendid Cuvier edition and 9 volumes of Schaltenbrand's excellent translation - - both more than 100 years old - - eheu - - my nice library - - but the nazis did no better with your library than did the English air fleet at the 23rd of Nov. 1943 with mine.)

"To **know** is to compare."

Say, prices, expressed in paper money double within 24 hours, which they did at the 19th of October in Berlin - - for bread they even trebled - - and the price, expressed in gold, remains unchanged. What do you think about what the people would say???????

And how they will talk of the bank whose notes were gold notes in the sense previously described?????

People will speak thus:

The bank whose notes are on a paper basis offers us as redemption half of the quantity of gold that it offered yesterday.

And if the prices rise, as they rose 1923 in Germany or 1948 in China, the bank will redeem its notes with a quantity of gold less than the ring at the finger of its banker. **We** go to the bank issuing gold notes.

In all your explanation you suppose:

- a.) Notes on a paper basis, so that the meaning of the world Pound or Mark or Dollar etc., is fixed either by the banker himself or by another banker, say the manager of the central bank.
- b.) Price expressed in the same paper unit and not in gold or silver (or rye as they were expressed 1922 and 1923 in some places of Pommerania).

Do you really believe that people will not express prices, wages etc. in gold, if they are permitted to do so??? Experience shows that in every part of the world the people express prices in gold or silver if they are permitted to do so.

So much for today. I hope to write next Sunday some more words. Cold fingers, lack of time and - - a greater evil than all others - - lack of light prevented me from writing more to you and to reply to your letter six weeks ago.

Very truly yours - signed: U. v. Beckerath.

(B really tried to get some more sense into the head of Henry Meulen, on monetary freedom matters. But, did he succeed, in years, if not decades of seriously and extensively trying? Not that I am aware of. Temporarily, H. Meulen sometimes retreated, e.g., in his discussion with B. on "overpopulation" - but some time later he again fell back into the long refuted prejudices on the subject. Fixed ideas can be found even among the best kinds of people. - J.Z., 10.1.2003.)

U. von Beckerath, ...

17.I. 1949.

Dear Mr. Meulen,

industrial credit for small and medium sized firms is always scarce for European countries, Belgium perhaps excepted. Even in times of abundance of capital, the artisans and small shops (have) (originally B. wrote "find". Then he crossed this out and substituted, in handwriting, a short word that I cannot read: "met"? - J.Z.) difficulties in finding credit. One of the reasons is, of course, that the investor cannot give credit in the form that is to him most convenient, that is in the form of buying bonds.

In Germany and, probably, also in England it was sometimes proposed to establish associations of small industrial firms. Such associations could create bonds. **Scratchley**, an excellent mathematician and economist, the man who gave the Building Society movement a scientific basis, published about 1870 a collection of pamphlets, one of which was the elaboration of a plan to create "local enterprise associations" on the model of the Building Societies.

(I owned the book - - but it is burned.)

For the sums won by selling the bonds of the associations, credit could be granted. The duration of the credit would depend on the repayment date of the bonds. An average duration of about 5 years seems to be the most suitable. (Credits to be repayable in the average within 60 months by equal instalments.)

It would be **very** important to get the recognition of such bonds as trustee securities in the sense of the Trustee Security Act. If this acknowledgement is attained, then savings banks, insurance companies, superannuation funds and building societies (which often do not find good investments), would have the opportunity to buy these bonds.

Scratchley advised -- and the American experiences with building and loan associations give confirm him -- to confine the activity of a local enterprise association to a relatively small district, say a little town. The administration cost of such an association -- whose debtors can be reached with a bus or a streetcar -- are always small, seldom exceeding more than 1 % p.a. of the outstanding capital.

In England and in all countries a law is missing, which declares every investment, that is guaranteed by a **credit insurance**, as a trustee security in the sense of the Trustee Security Act. If such a law existed, it would be sufficient to insure the bonds or, at least, a part of them, by a credit insurance, to endow the insured bonds with the quality of a trustee security.

In a book, published 1929 ("Die Reform der Muendelsicherheitsbestimmungen ..." -- "The Reform of Trustee Security Legislation") Prof. Dr. Rittershausen demanded what I just pointed out. If a member of parliament would carry through such a bill as here sketched, he would be a **very** great benefactor of his country. (Politicians are not in business to benefit "their" countries but, rather, themselves. Obviously, they could not gain many votes with such a bill. - J.Z., 10.1.03.)

(For months I have had an article, 9/10th written, in my drawer, which I cannot finish for want of heat and light. In this article -- which wants only the "finishing touch" -- I demand the "Muendelsicherheit" for every credit-insured investment. I think it possible that all credits given to the Industry of Berlin could become credit-insured and also all credits given by Berlin's industry to customers abroad. It would certainly facilitate the supply of Berlin's industry with capital.)

Very truly Yours - signed: U. v. Beckerath.

(That article might still be unfinished, unpublished and buried in his papers. The most sensible proposals still do not have a regular platform and are not systematically archived and made accessible upon demand. - J.Z., 10.1.03.)

U. v. Beckerath, ...

17. I. 1949.

Dear Mr. Meulen,

I thank you very much for the very interesting letters of Victor Gollancz and of Ian H. Christie to the editor of The Times. Christie and the numerous people who share his opinions do not take into consideration a most important circumstance which was already pointed out by **Gibbon**. Gibbon says, that in a commonwealth with good roads, so that a great mass or troops can easily be transported from one frontier to the other, an army of the size of 1/100 of the population is sufficient to keep the population in a state of absolute subjection, provided the population is without weapons and military organisation. Gibbon is right. At the time of the Roman Empire the number of the soldiers was about 400,000. The number of the inhabitants was estimated between 40 millions (the most probably number) and 60 millions. In the 18th century the relation was a little changed. The army comprised about 4 % in France at the time of Louis XIV and about 3 % in Prussia. In the 19th century the old relation of 1 % was restored in most countries.

The man, or the group of men, who controls the army, controls the people. If the ruler thinks it fit to compel the people into a certain religion or some public opinion, he will succeed if he uses merely the general political dexterity of rulers. Therefore, Adam Smith says -- starting from similar considerations -- that a people will not conserve its political liberty if it does not possess a militia. As long as the Americans have their militia (now more than 10 million of men, I think), they will conserve their political liberty.

(J.Z.: Alas, it has long been under State control and legislative intervention and juridical interpretations of the constitution and of the Bill of Rights have "gone wild" and wrongfully restricted every basic liberty - while most Americans remain uninterested in individual rights and in better and more complete drafts of them than can be found in the Bill of Rights Amendments to the Constitution of the US. - J.Z., 10.1.03.)

It is the habit of more than 99 % of all men to judge peoples, and everyone who belongs to a people, according to the principle of collective responsibility. This principle says:

- 1.) Every man is responsible for that which his government does or neglects;
- 2.) Every man is also responsible for acts or neglects of his countrymen.

To judge in this way is an intellectual remainder from the Stone Age. Even in the Bible the principle of collective responsibility is used as self-evident. How often punishes the God of the Jews the whole people for acts of its king (e.g., a census) or of a citizen (a theft, a marriage with a non-Jewish wife)? In the New Testament this is the same. It is reported that Christ threatens the towns, which do not welcome his disciples with the fate of Sodom and Gomorrah, little children included and those, who had no opportunity to hear the disciples. (I am convinced that the words of Christ are fully misunderstood - but the churches accept and endorse the text of the evangel.

In discussions between Germans and others the principle of collective responsibility is always the basis. The fact, that neither the people as a whole nor the single citizen has any possibility to act on the government is always overlooked and that on both sides.

"The Germans are aggressive neighbours!

Such nonsense. The "Germans do like - - as do other men - - to sit peacefully at home, eat and drink as plentifully as possible, play cards and do not care for affairs not in their immediate surroundings and requiring meditation. But if anyone were to say:

A German government with absolute power over the 70 millions inhabitants will always be a danger for Germany's neighbours, for it will - - as every government does - - begin a war, if it does not know how to settle internal difficulties, the man would be in the right. But he can say the same about France, if he is an Englishman, of England, if he is no Englishman and of every other State, if he is not its subject.

The same kind of wrong is committed by the Germans, who judge a single Frenchman according to the now ordered destruction of the watch factories in the French zone and then a single Russian for the present politics of the Soviet Government. (The Germans do that. I must admit it.) The single Frenchman has no more influence on his government than a German had and has on the German governments.

The power of the principle of collective responsibility (which **Dupiat** represents as that part of social mentality which caused more disaster than any other) is now to be seen in an interesting case. In **Berlin** the inhabitants of the two districts **begin** to consider each other as two nations. If I get more time, I will write you some details.

All men in the world, Germans and Negroes, Englishmen and Frenchmen, Indians and Eskimos, have the common interest to create a state of government in which no government is able to begin a war and mobilise its subjects for purposes that, in **every** war are contrary to the true interests of the peoples and of 99% of the single subjects.

Every war is a civil war!

Experience has already shown that the creation of the UN is not sufficient. **Herbert Spencer**, in his Social Statics, chapter 19 ("The right to ignore the State") and long before him **Fichte**, in his "Considerations on the French Revolution", proposed independent associations which would have about the rights of the old knightly orders, e.g., to remain neutral in the case of a war. There is much to be said about this.

Very truly yours - signed: U. v. Beckerath.

As long as the true solution of the government problem is not yet found or recognized, I think it best for the case of England & Germany that those German territories, which by plebiscite decide to become a part of the British Commonwealth, on a Dominion Status, should be admitted.

May every factory, suspected of becoming an ammunition factory in times of war, be occupied by English soldiers - - that does no harm to the German economy, but the Dominion status should, on the other hand, be really and honestly established. I confess that in the year 1945 I sent an application to the British Government to get a permit for the beginning of a movement for the organisation of Germany as a member of British Dominions. You will believe me without proof that I never got a reply. And yet I know that, especially in the district of Brunswick, for many decades, people think that to be a good solution. Now I am too old to begin any activity.

Very truly Yours - signed: U. v. Beckerath.

(Alas, I have never seen a copy of that proposal, either. Another of his and for me and others still hidden proposals: After WW I he had proposed, and this was then published in a Braunschweig paper, a subdivision of Germany into many and largely independent cantons, like Switzerland. I suppose his proposal contained other interesting

features. Another proposal, to combine West and East Berlin with the surrounding province of Mark Brandenburg, declare it to be a neutral country and to introduce economic freedom in it, was lent to one of his contacts and never returned. Nor did I ever see a copy of it. B. had almost never access to the supposedly free press & other media of the German empire, the Weimar Republic, of West Berlin or West Germany. What he did manage to get published, occasionally, appeared usually only in specialist and more or less obscure periodicals, like newsletters of a bank, of insurance companies, or the Swiss Annals of Prof. Milhaud, and the like, including, all too belatedly and still quite incompletely, my own PEACE PLANS series. At least, during his lifetime, I still managed to get his three monetary freedom books reproduced in a primitive and duplicated edition, in PEACE PLANS 9-11, which have recently also been digitised and are available, free of charge, upon request, by e-mail in RTF. - And yet he was, probably, the most prolific and profound thinker, innovator, reformer and revolutionary of the 20th century! Indeed, I for one place him above Fichte, W. v. Humboldt, Proudhon, Stirner, Tucker, Spooner, Mackay, Meulen, Mises, Hayek, Rothbard, Harper, Read, LeFevre and many others of the great libertarians. He is still, for instance, the foremost of the monetary freedom thinkers. How many centuries will have to pass before his contributions will be recognized? - To be appreciated only by a few indicates his value. (Laotse) - J.Z., 10.1.03.)

18. I. 1949.

Dear Mr. Meulen,

we are now entered into a new state of political science.

It was one of the principles of the old political science that the right of nations or States must be judged according to the principles by which the right of individuals is judged. E.g.: The principle of non-intervention was generally recognized. But already **Fichte** said, that if on any point of the Earth as despotic power is established, it is not only the right but even the moral duty of every man, ruler and subject, to do what he can to restore the liberty in the country concerned.

Applied to Germany: It was the **duty** of the rulers at the time of January 1933 to intervene in Germany in that month. It would have been a military walk and certainly would not have cost more than 10,000 men. That would have been especially the case if the Allied would have had at hand a government-in-exile and would have summoned the Germans to turn to their "legal government, just like the old Romans did in similar cases. (See: Montesquieu: "Sur la grandeur des Romains.")

But, what is Liberty? **David Hume**, in his dissertation "Von bürgerlicher Freiheit" (On Civil Liberty? I cite from my German translation, published in 1800 at Königsberg, by an anonymous author.) explains, that even in the absolute kingdoms of his time, as Spain and France, there was much more liberty than in many republics of antiquity. At present people discuss whether Franco's Spain offers enough political and liberty to her citizens. The principles to judge it by are still to be stated.

Another principle of very great practical importance. "National liberty". Ireland and India demanded it. (To tell the truth: About 1 % of the population demanded it, in India much less, the rest of the population being disinterested and only interested in the question **how** are we governed, and not: **who** governs.) England's public opinion was: It would be right to grant to Ireland and India "political freedom", and, accordingly, England retired her troops. Effect: In India the most bloody civil war, so that everybody must acknowledge: The peoples of India are not able to govern themselves and are unable to keep the peace, if not a stronger than themselves compels them. Who wanted a further proof gets it now by the events in Durban, where not only the Indians but also the Negroes demonstrate that they are unable to keep the peace and both want a master.

If a man of average strength sees on the street two fellows scuffling, he will intervene and protect the two by **seemingly** reducing their "liberty". Everyone admits that it is his duty to do so. It is the same with groups of men. If two groups, may they be a nation or a sect or a class,

23.I.1949.

begin scuffling, it is the moral duty for every man to restore the peace, who has power enough, to do so. It is even his moral duty to keep the two parties under his power until he believes that a sufficient probably exists for this peace to be continued. If the two parties appeal to a pretended right of scuffling, he will all the more hesitate to

dismiss them from his power. Obviously, they do not perceive the natural limits of their rights, be it because of innate stupidity or for other reasons.

When I read that the English army was to leave India, I (and every man superficially acquainted with India's history) did not doubt that a terrible civil war in India must be the consequence. In many towns the civil war began some hours after the English troops had departed.

The number of victims is conservatively estimated at 15 millions and many thousands of destroyed houses. That could be foreseen and, therefore, I think the dismissing of India from the power of the English government was morally not justified and was even a violation of the real rights of the inhabitants of India. (I do not speak of an Indian nation, a thing, which never existed, does not exist and will probably not yet exist even in the year 2049.) To grant the inhabitants of India (as a whole) the right of government is the same as granting to children the right to play with knives and to use them against one another.

Is it another thing with China? The number of the victims of the civil war since 1912 is certainly not less than 50 millions, including the men drowned in the Yang Tse Kiang and other rivers after the destruction of the dikes or merely by neglecting them.

It is my opinion that a league, union or however one may call it, should be founded - - openly if possible, secretly if necessary - - to study the possibility of restoring the "Pax Britannica" in India and to extend it to other countries. As the example of India proves, the Pax Britannica did not exclude natives, capable of governing others, from the administration of the country and even to be put at the top of provinces, greater than celebrated kingdoms in old times.

Of course, a treatment of natives like that of Indians and Negroes in South Africa does not belong to the maintenance of the Pax Britannica. Let me remind you of the treatment of the natives in the Portuguese colonies and even in French colonies such as Anam, Pondichery and others. In these colonies never as serious movement arose, demanding: "Europeans, leave the country!" I know how badly the Portuguese colonies are administered. - And yet, the inhabitants are content and the intelligent among them know well that a home rule would mean a very serious aggravation. A trick of the Portuguese policy is to favour marriages between Europeans and natives. They know by an experience of centuries that half-breeds, if treated as of equal birth, are the best and most reliable supports of the European administration.

The people of India, China, etc. must be **educated**. Of course it must! I do not know of a better education than that by **Free banking!** If Free Banking were introduced in India, the English there would play - - so to speak - the role of the Normans among the Anglo-Saxons. After a short time every essential difference between the two peoples would have disappeared. Men who have no right to procure for themselves, by their own activity, the needed means of payment, will remain slaves, but men who obtained that right by a fight or even a revolution (and, I am afraid, otherwise Free Banking will not be introduced in India; the resistances are there - - I estimate - - much greater than they are even in England now), will by and by gain all other liberties, personal and economic (the only **really** important ones) that free men need.

Very truly Yours - signed: U. v. Beckerath.

(I do not know why he did not apply his panarchistic ideas to India and China. Obviously, the old territorial system was and still is flawed for both, as for all other countries and under it a superficial internal peace could be kept only by brute force. - J.Z., 10.1.03.)

25. I. 1949.

Dear Mr. Meulen,

in the "Kurier" of today I read of an "Amok-Laeufer" at Tischenreuth, a little town in Bavaria. (The English word for "Amok-Laeufer" is perhaps a compound of "amuck" but I cannot find it in my dictionaries.)

In Dutch-India cases of "Amok-Laufen" are frequent and occur not seldom among the more peaceful Chinese race. (More frequently men, who feel themselves overwhelmed by a suffered injustice, "yellow the street", as I read in a description, also women do so in the same case. The progress is obvious. A man or a woman who "yellows the street", **appeals** to his or her fellow - men. The "Amok-Laeufer" **kills** them, because - - and here lies the rub - - he applies unconsciously the principle of collective responsibility. So deep is that principle rooted in the human mind!

(By now we have had a number of amuck mass murders in Australia, the USA and England as well, usually committed with firearms. Press reports usually say little about the repression felt by these victimisers, which finally induced them to try to "get even" in this atrocious way, blaming others, quite indiscriminately, for whatever wrong they imagined had been done to themselves or which they had really experienced. - Thus I doubt that it is a matter of racial differences, as B. supposes in the following lines. - J.Z., 10.1.03.)

In Bavaria remained much Mongolian blood from the invasions of the Huns, the Avars and perhaps others, as the Hungarians. The black Mongolian hair and the Mongolian eyes are still there to be found. Perhaps the "Amok-Laeufer" of Rischenreuth was a descendant of some old Mongol.

Some decades ago, the English cooperative union sent missionaries to India to spread there the idea of cooperation - consumer cooperatives, mutual savings banks, and others. Never were missionaries sent out with a nobler commission. The success was very good. Today many thousands of Indians, who before were little more than slaves of the zemindars are now in a state of relative independence, so far a such a state is possible in India. (I read Katherine Mayo's "Mother India".)

If there would exist a movement for Free Banking, it would be natural to send out missionaries to South Africa, to the Negroes and to the Indians. By and by the Negroes would become economically independent from the Indian merchants, and the Indians themselves would learnt to do better things than to exploit their coloured fellow-men. A book on free Banking, written in terms that a Negro or an Indian might understand, would be one of the most useful books to be written. Obviously, Free Banking among such people cannot be introduced on the basis of a gold-stock, but it might well be introduced on the basis of Bill IV of the Four Bills. All observers agree that the fights at Durban in these days are due to economic causes. But economic grievances can always be conquered by Free Banking.

A problem still to be solved is the answer to the question:
Is it more profitable for people and government (or perhaps for the government alone), to collect the taxes in notes of local Free Banks or firstly to emit a State paper money and then to prescribe: The taxes are to be paid in the issued State paper money?

In my book on the introduction of insurance in Asia, I proposed to collect the taxes in notes of local Free Banks. I asserted, that this kind of collection of taxes creates immediately employment at the very place where the taxes are collected and to the amount of the collected taxes, so that the burden is less felt than by other system. (The English translation is at some passages a little dark, but the French translation by the masterful hand of Prof. Buriot-Darsiles is excellent.)

Very truly Yours - signed: U. v. Beckerath.

26.I.1949.

Dear Mr. Meulen,

in an investigation about the principles of Free Banking the case must be taken into consideration, that the banker - may he be a single person or a cooperative - has no possibility to procure bullion or gold coins.

Must Free Banking in this case be renounced, i.e., in a case where only a few persons can procure bullion or gold coins (essentially jewellers, dentists, watchmakers, etc., for whom the price of gold is of no importance)?

Or should, in such a case, Free Banking be prohibited?

I think we do agree, that in such a case Free Banking should not be prohibited, and the banker should be free to do what he can do to supply everybody with means of payment who, without his help, would not be able to pay, although he is in possession of claims, of goods and orders.

In such a case the banker must take care to secure the convertibility of his notes into goods in daily demand, of similar services (barber, street car, boot black men, theatres, movie theatres) or receipts for debts such as taxes, rents, wages and perhaps debts with a banker. The convertibility at every hour (not only at every day) is necessary because enemies of the banker may at any time spread rumours, or a general panic may occur, so that without any good reason the public suddenly wishes to get rid of the notes.

If the banker does no long-term business (that means here, finances mortgages etc. merely by issuing notes), but finds his debtors among persons or firms that possess goods wanted daily, etc., then the public finds no difficulty in

converting its notes. Every case of a panic, in which, nevertheless, the notes are promptly redeemed in goods, services, etc., will raise the trust in the banker and assure him the opportunity for new business.

For the debtors of the banker it is no burden that they are under the obligation to accept the notes at any time for at their full nominal value. They can pay off their debts with the accepted notes on the same day or the next and save interest for the repaid amount. Suppose a panic like that of 1825 or 1857 or 1873 or 1993 in the US. For a bank constructed according to the principles here explained no other effect will occur than the reflux of all its notes within 2 days. Every note-bearer is satisfied, although he may be - - after his notes are now redeemed - - in great need of means of payment. The **run** is not at the funds of the bank but on the goods in the stores, etc., which will not displease the storekeepers.

For the greatest part of the world in the next years a Free Banking on the basis of a gold fund will not be possible, simply because the inhabitants - - bankers included - - have no possibility to procure (enough! - J.Z., 10.1.93) gold. Germany, Italy, the liberated Russia, Spain, the whole of Asia, all of Africa and **perhaps** even old England, the mother of the modern gold standard, will not be able to procure enough gold to do Free Banking business on the basis proposed by you. Should all these countries be told: "Without a gold fund no Free Banking! Help yourself as you can!"?

The answer would be: "It seems that Sir Robert Peel was in the right and Free Banking was only a thing good for the time before 1844. We see that Free Banking cannot help us. Then, in three devils' name, we have recourse to monopolistic banking or inconvertible State notes, which - - as experience shows - - do not need gold!

I am for Free Banking, even if all gold should disappear from the world!

On the other hand, I do not go so far as to demand the prohibition of note-issuing banks on a gold basis not equal to 100% of the nominal value of the notes. But what I demand is the full elucidation of the public about the actions of the bank in the case of a panic, about kind and liquidity of the assets and all details which I enumerated in my dissertation about the propositions of Professor Milhaud, Chapter: Banks to procure employment.

I know, that you agree in all, what concerns honesty and candour in the note-issuing business.

May the two principles compete. The first great crisis - - which the politicians will not fail to procure from time to time - - will teach us which is the better principle. We will both learn from experience, our common teacher and that of all men.

Very truly yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

27. I. 1949.

Dear Mr. Meulen,

this evening I received with the greatest pleasure Benjamin Tucker's "Instead of a Book. I have two hours light today, from 20 to 22 o'clock, but I could not resist the temptation to sacrifice one hour to this book. I may open it at any page and it is difficult not at once to read all what Tucker said on that page. He was a wonderful man, and if the atomic bombs do not lay Tucker's admirers beside the many who know nothing of him, his ideas will win - - after 500 years, 5,000, or more.

The first passage I found was at page 55/56. Tucker's opinion about the selection of a jury. He proposes the selection by lot. That pleases me. In ancient Athens the jurors were selected by lot, probably also in other communities of antiquity. On page 28 Tucker speaks of the **hazard** of the ballot. Certainly, it involves a hazard hardly less than the **honesty** hazard: selection by **lot**. It seems to me advantageous to select even the deputies of a country simply by lot from a corps of, say, 1,000 men, with these 1,000 selected in a way I do not yet know, as supposedly the best of the country.

That Tucker estimates Herbert Spencer's wonderful chapter XIX in his "Social Statics" as I do it, was a very great pleasure for me.

If I would have been dictator of the world, in 1918 or 1945, I would have enforced in all countries a law by which every person gets the right to give up his citizenship, is to be considered as a foreigner from the moment when he declares it and is no more subjected to a military service or the duty to contribute to reparations for passed wars. In 1918, as a result of such a law, millions of Germans would have "ignored" the State.

My friend Werner Ackermann, founder of the Cosmopolitan Union - - a half-anarchist league, the word "anarchist" taken in the sense in which Tucker took it - - got some day the invitation of the Czechoslovakian Government to make regular reports about the successes of his union. (I have not yet seen this invitation, either. - J.Z., 10.1.03.) Ackermann got the impression that there were persons in the government who were considering the possibility to exercise a Czechoslovakian protectorate over Unions such as Ackermann's Cosmopolitan Union. Would the Protectorate have been possible, then, obviously, the Czechoslovakian government would have had a legal right to intervene in January 1933 in Germany. That would have been an easy thing in that month, more than 2/3rds of the German population being suppressed by the nazis.

The chapter "A necessity or a delusion, - which?, page 256 ff, pleased me much. I do hope to find time and light to return to the chapter.

I thank you very much for your wonderful present.

Very truly Yours - signed: U. v. Beckerath.

1. II. 1949.

Dear Mr. Meulen,

it seems, Winter has really begun today. Perhaps I cannot write to you for some time.

It was my intention to write to you a bit about the first chapter in Tucker's book: "State Socialism and Anarchism", but probably cold will prevent me; therefore only a few lines, "instead of a letter".

I think it is of great theoretical and perhaps still more of practical importance to distinguish **two** kinds of socialism, as Tucker does, and not to take "socialism" as a synonym for **State** socialism, as the word is used in modern journal literature and even sometimes in scientific literature. (Article "socialism" in the last edition of the "Encyclopaedia Britannica".) Tucker is in perfect conformity with the older terminology in France, in Germany and, I think, also in England. In that literature always **two** kinds of socialism were distinguished - - the State socialism, sometimes called governmental socialism, and the numerous schools of liberal socialism, including individualist anarchism as well as communist anarchism, Christian socialism and Hertzka's "Social-Liberalism", and many others.

Very good is Tucker's distinction:

"There are only these two socialisms.

"One is the infancy of socialism the other is its manhood.

Forms of socialism like that of Hertzka ("Freiland, ein utopischer Roman"), the different kinds of Christian socialism, etc., are all kinds of individualist anarchism that were not quite thought through by their authors.

At the time when Tucker wrote his book, the system of Free Banking would, without difficulty, have been considered as a kind of individualistic socialism. For the propaganda it is by now means indifferent whether such a system is classified as a kind of socialism or as a kind of capitalism.

When I was about 18 years old, I got for 10 Pfennige a very good German translation of the chapter "State Socialism and Anarchism". I became at once an adherent of Tucker and remained an adherent, unchanged ("an adherent invariably", still today.

Do you think it possible to introduce a terminology like that of Tucker in modern literature?

Very truly yours - signed: U. v. Beckerath.

U. v. Beckerath,

5. II. 1949. Your letter of 2. II., received to-day.

Dear Mr. Meulen

thank you **very** much for the nice passport photograph. A phrenologist would say: Preponderance of the intellectual parts over those where the animal life is located. The little elevation in the middle of your skull he would interpret as interest for philosophy or religion. I do esteem Gall. He wrote his book after he had analysed more than 10,000 skulls of prisoners who had died in the great prison of Vienna. He compared the results of his analysis with the documents of the prison. Many of them he had known personally. He was the first physician of the prison.

You do not look as a man of 67, rather as one of 57.

I did not overlook the possibility of a redemption of notes into notes of a well established bank. It was my intention to point out the possibility. In Germany no bank which merits the predicate "well-established" exists at the moment. Also the people does not trust the few banks in existence. The saving banks get few deposits. But the distrust turns more against the standard of the currency than against the honesty of the managers of the banks. If I get a little more light and time, I will return to the redemption in notes of a well-established bank.

Amuck. The Malay "amouk" is just what I meant. But "amouk" is not simply the result of opium or bhang alone. If the "Amoklaeufer" feels, that the wrong inflicted upon him causes in his "soul" (sit venia verbo) an impulse to kill the whole world, he tries to get opium or bhang for the purpose of gaining enough courage to kill at least some of his fellow-men. But the fact, that such a feeling arises in him, proves - - that is my opinion - - the inclination of the Asiatic people to hold responsible the "collective" to which the wrong-doer belongs. I do believe that such an opinion is not expressed in the encyclopaedias,

Collective responsibility. Can a **group** be responsible ?????

That it can be **made** responsible - - of course - - is admitted. Hitler made the Jews responsible for the Treaty of Versailles (I read in the "Figaro" an article, where a French Anti-Semite made the Jews responsible for the enormous **advantages** of this treaty for the Germans and proved that - - I forget how.) Hitler made Jews, Freemasons, Jesuits and some other "collectives" responsible for high prices (if he spoke to consumers), for low prices (if he spoke to farmers), for high rents (if he spoke to workers) and for low rents (if he spoke to landlords). But **were** they responsible??? Was it possible, that the Jewish people as a whole **could** be responsible for any bad thing in the world, for which it was accused by its enemies or for any good thing of which their writers boasted in the name of the Jewish people?

Moralists teach that **groups** cannot be responsible, only individuals can be responsible. Individuals may constitute a group or a society which performs anything blameable or praiseworthy, but also in this case it is not the group or the society to which responsibility is to be ascribed, but the single man or women, who participated or did not what he or she could do to prevent it, in responsible.

I will not refer to Kant who says: A man is responsible only for that which is in his **power**. The words of Kant are of little or no weight for men that did not read him. But what say thinkers like **Hume**, Adam Smith ("Theory of Moral Sentiments"), Spencer or **Benjamin R. Tucker**? I am convinced that they agree with Kant. Sure, they did not know him; but I do not possess their books and am unable to verify this.

(In "Instead of a Book", which I do possess through your kindness, Tucker does not treat the theme. But certainly such a universal thinker as Tucker had an opinion about it.)

Sometimes even people to whom collective responsibility is a natural kind of feeling and thinking are, by reality, led to the fact that belonging to a group constitutes no part of responsibility for actions of some members of the group, even when "some" means the vast majority. In Morse's "Guilds of China" I read, 20 years ago, an instructive story of the barber union in some Chinese town, perhaps Ning Po. There was a barber who shaved his customers for a price lower than the union price. The union resolved to kill him. Some learned members studied the laws and found that the legislator had forgotten to fix punishments for biting a man to death. That was, what they wanted. The union decided to surprise the guilty barber and, after he was fettered, every member must bite him in the neck to achieve a collective responsibility. Obviously, they attained what they intended. The mere fact that a barber belonged to the union did not yet constitute a responsibility for him. I do not know how the authorities of the town or the province treated the case; probably they did nothing.

You say: "I am ready to accept responsibility for our Labour government actions". Let me remark that you do not accept the responsibility in your quality as a friend or (perhaps) member of any of the political parties which, some years ago, tried to prevent the Labour Party from taking possession of the government. You are quite right to decline **that** kind of responsibility. Also you do not accept the responsibility in your quality as an English subject and especially a subject of the present government. You are perfectly right to decline that kind of responsibility, seeing that to be an Englishman or not is a fact not within your power. But if you say: I did not what I could to enlighten my countrymen about what must come after the election victory of the Labour Party, then I cannot contradict. (Kant says: Never was a man born or will be born who did all he could or can for the world's moral progress.) But this kind of responsibility is no **collective** responsibility but a personal one.

(Let me confess a guilt - - or even a crime - - which is much more than 1000-fold greater than your "sin" and still troubles me. I am responsible for the second world war. Do not think that I am crazy. It was a short time before the war. I stood on the platform of a streetcar while it passed the Potsdamer Strasse. Suddenly all vehicles stopped. "The Fuehrer passes"! His auto came along the street, quite slowly. I saw it coming and calculated: It will pass at a distance of not more than one meter from my platform. I had a pistol, loaded with six cartridges, in my pocket. That was necessary at that time for every one who was under observation of the State Police, and I knew I was. (I wrote to you, that the police had arrested me for my dissertation, published at Geneva, "The propositions of Milhaud", but released me after a short time, and - - to tell the truth - - without torturing me. But they watched me, opened all my letters etc.) I knew what would be my fate if they arrested me for a second time. I had the pistol in the pocket to kill myself at once, if they arrested me. My friend Unger had always poison with him. But he was fettered before he could use the poison and was murdered with so many Jews at Auschwitz. The pistol was secured by the safety catch. I reflected: Will I have time enough to remove the safety catch? Or will I be beaten down by the neighbours before I can fire? Will I be observed if I put my hand into the pocket? It would have been my duty to take the pistol out at once, unlock it and fire, at any risk. It would have been done in less than two seconds. I did nothing and let Hitler escape.)

(He told me another detail, namely, that an SS-man stood next to him, who could have easily beaten down an extended arm pointing the pistol. Could he have taken the safety off, while it was still in his pocket and could he have shot and hit his target out of his pocket or with the gun close to his body? While his intellect pondered his chances, the opportunity passed. He wasn't one of those trained for a quick draw and fire. Anyhow, Hitler and he had still to teach many and quite opposite lessons to the world. Among them: Readiness to commit tyrannicide, rather than actions under the principle of "collective responsibility", like the presently planned "war against Iraq". - J.Z., 10.1.03.)

6. II. 1949.

You say: The Germans choose Hitler. Did they? Many millions certainly voted for Hitler. But many millions voted against him.

Are they responsible for Hitler's crimes ?

Many voted against him and their votes were counted **for** him, especially in the districts in the East of Germany, where the election offices were in the hands of the nazis, who falsified what they could. But this fact does not morally relieve the voters for Hitler and it does not justify the voters against Hitler (that they believed - J.Z.) that it was not within their power (to do anything more against him. The text is not clear here. I interpreted it as best as I could. - J.Z., 10.1.03.).

Those who voted for Hitler simply believed him and most of them did not think of a war. Are they guilty for their stupidity? Then the French, who voted in 1789 for Robespierre were guilty and, from the standpoint of collective responsibility their descendants still are guilty. (Robespierre was - - at that time - - a strong adversary of capital punishment, who very probably himself did not yet know what a role he would be able to play.)

(According to mere hearsay "evidence", Nazis managed to confiscate whole election urns and to replace them by their own prepared ones. Those who knew about such actions were already terrorised before the Nazis came officially into power. - Nazis had no more respect for formal voting rights than they had for any other and genuine individual human rights. - Their "arguments" consisted often merely in the brutal use of a thick rubber stick with a flexible steel core. My uncle was one of those young thugs, still proud of his "activities" for some years after the war. He was very disappointed when, after Hitler took over, and they systematically visited known communists in their neighbourhood, in armed gangs, to at least beat them up and then, and quite frequently, their intended victim opened the door and showed them his newly acquired Nazi party membership card. Those they did not beat up.

Others were considered to be "fair" game, this time with official approval. - Not that the communists would have treated them differently, if they had won. - J.Z., 10.1.03.)

You are right: If Germans everywhere had held meetings against National Socialism, it is unlikely that the Nazis would have come to power. Let me add: They would certainly not have come to power.
(J.Z.: Here he should have mentioned that for years before the take-over of power by the Nazis, there was no longer full freedom of assembly in the Weimar Republic. Gangs of armed communists and nazis roamed the streets and disturbed all democratic meetings, when not fighting among themselves and against the police. Other Germans were largely disarmed or not militarily organized and trained for the protection of their rights. Just as they are not armed and sufficiently organized and trained now, in most democratic countries, for the same purpose. - J.Z., 10.1.03.)

Insofar you are also right: All men, who could have organised meetings and did not, share in the **guilt** of such a punishable political indifference. But it is their personal guilt not a collective one.

It should also not be forgotten that the truly guilty ones were the leaders of the army, who used the National Socialist party and Hitler as a tool of their politics, or believed to be able to use them, while this experienced fox knew already what would be the further way of the army, the party and, consequently, of Germany. A people - - or, more exactly spoken, a collective of subjects - - for what is a "people"? - - is always a body without a will, in the hands of the countries army, except when the country possesses a militia, a fact of which **Adam Smith** speaks with much wisdom, and it is worthwhile to reread the passages in "The Wealth of Nations". (I cannot tell you in which chapter - - I think one of the last - - the passages are contained. The book was destroyed with the 3,000 others on the 22nd of Nov. 43.)

And if there (were a "people" and "collective responsibility" - something remained unstated here! - J.Z.) will anyone construct a guilt of the subjects (the always defenceless subjects - - also in the so-called democracies) - - for the acts of their governments? I assert that those most guilty for the occurrence of WW II - - my insignificant person set aside - - were the members of the governments of France, Belgium, England, Poland, etc., who did not mobilise at once in January 1933.

They must have seen and some of them certainly saw, what the stupid voters for Hitler did not see: that the devil of war had won his first position.

You know, that in the year 1932 seven men, friends of the Dr. Ramin, of whom Zander will have you told many things, met every week and often two or three times a week, to, frame the **Four Bills**. They were convinced that **Free Banking** was the only **real** remedy for National-Socialism as well an unemployment and, therefore also against war.

While they framed the Bills, they could not prepare meetings of electors. I hope you will admit that these seven men deserve a special criticism (rather: consideration! - J.Z.) when the **guilty** of that time are identified.

Your remarks about Scratchley's "Industrial enterprise societies" are correct. Also what you say of the **difference** between these societies and building societies is true. In my comparison - - which I took from Scratchlyy - - it was my intention to call attention to the similarity of **organisation**. The business methods are different.

Let me remark, that In England, and still more in the US, there exist banks, which grant credit without pledge. (Asking for securities for their loans. - J.Z.) Their interest rate - - of course - - is higher than the usual one. But the most astonishing fact is that the losses of those banks are not greater than the losses of mortgage banks. In the USA these banks are so numerous and do so such an important business, that they could create an association, the "American Association of Personal Finance Companies", which even publishes a year-book. I possess the year book of 1933, with most interesting details. One of the 18 members in the State of New York was: Roy E. **Tucker**, Beneficial Management Corporation, 2 Lafayette Street, New York. (Related to **our** Tucker???)

Honesty is the best and surest pledge. And the number of honest businessmen is - - as statistics teach - - much greater than is generally believed. Benjamin R. Tucker would have taken from the statistics an argument for his view that the **State** is no necessary condition of sure (secure? - J.Z.) business.

If you like, I send you this year-book. As seat of the Association is indicated: Washington, D.C., no street and no post office box. (Oh, - - excuse me - - now I see it: In the list of delegates attending the convention of 1933 at Chicago, is mentioned: Edgar F. Fowler, Secretary of the American Association of Personal Finance Companies, Washington, D.C., 712 1/2 Tower Building.)

Officials of savings banks in Germany told me that credits to mechanics and other people, unable to pledge the usual securities, were the best and very seldom caused losses.

(That information agrees with e.g. reports on the security of loans to poor but promising students, provided they are administered by businessmen and not by government bureaucrats. Alas, the latter have almost completely replaced the former. - Obviously, few government enterprises are managed profitably, unless they possess the legal monopoly for a very important business. - J.Z., 11.1.03.)

I regret that your idea of liberty is somewhat different from mine. However, I am not yet quite convinced that it will remain different if we come to an understanding on what liberty really means.

Firstly: What you say - about the education of Indians at English Universities agrees with an article I read very many years ago. The author said: If the English do not find **jobs** for the many people they instruct at their universities, the unemployed **must** become revolutionaries. Writing revolutionary pamphlets and pressurising rich and other people to contribute money for the sale the "nation", is then the only means for them to get something to eat.

Now imagine, there would have been in England somebody who organised regular meetings among the Indian students and explained them the advantages and the management details of **Free Banking**, applied to India, what would have been the effect? All students, if they would not have found another job, would now work in the business of Free Banking. India would **have** Free Banks, and many English would have said: Why do **they** have Free Banks and not **we**? The National Movement would be confined to the cultivation of Indian philosophy, folklore and such things. The people would be much richer than they are today. The Indian notions on liberty, self-government and equality would be of another kind than they are today. If there would have come one of the average propagandists for home-rule (with a political vocabulary of about 150 words and two dozen slogans) and would have shouted: I am born between Nepal and Travancore - - I am your rightful leader - - you must elect me - - for I, I am no **stranger** - - you know - -, people would have answered: Yes, we know such men as you - - How will you distribute the taxes, when you are elected? You do not know it? Have you not thought about it? And what civil law will you propose? You have not yet meditated upon a civil law? And what is your meaning of Free Banking? You do not know about Free Banking? Oh - - darling of all holy cows, go home, learn something and then present yourself once more!

(J.Z.: English universities, like most others, would probably not have been the optimal environments for such teachings, since in their "scientific" economics departments such ideas would have been outright condemned, called "rubbish" or dangerous or utopian etc. by recognized "authorities". A well organized "free university" might have been. But if, in India itself, there had been enough and sufficiently informed advocates of Free Banking and if they had attained the same privilege that religious teachers have to visit and talk with prison inmates, then most of India's future political leaders, then political prisoners, could have been reached **there**, with monetary freedom ideas. The prison authorities would not have feared such teachings but merely ignored them, as those of "money cranks", as they ignored the teachings of various religious sects. But so far no genuine school for monetary freedom, no tolerant and informed "missionaries" for it, no correspondence courses, no serious of lectures and lecture notes, discussions and conferences on monetary freedom, on audio and video tape, online, on floppy disks, on CD-ROMs, are offered anywhere, to my knowledge. Even the microfilm publishing and reading options are still largely ignored, although I offer on microfiche probably more on this subject than any other publisher has done so far in any medium. Most of this knowledge is widely dispersed and unknown and inaccessible, long out-of-print and un-translated and even the advocates of it are not listed anywhere together. They think about free exchange media (not yet enough about their technique) but have not yet managed to use very affordable and powerful alternative media to get their kinds of exchange media and value standards into circulation, at least for theoretical consideration! Although they are free market advocates, they have not yet established an efficient market for their ideas and techniques, bringing demand and supply in their special sphere together! Monetary freedom advocates have not yet freed themselves of reading and publishing habits, customs and traditions which keep them in "chains", largely unheard, unnoticed or unappreciated - and also insufficiently enlightened themselves, so that they

cannot become effective pioneers for monetary freedom reform movements or revolutions. To that extent they are "stuck" with their efforts, as progress in India is held back by various religious myths and movements and progress in other countries by various flawed ideologies with greater appeal in territorial elections. Nor have they managed so far, to subscribe all to the theory and practice of monetary tolerance. In this sphere, they too, have largely remained intolerant zealots, instead of welcoming any kind of experiment among volunteers at their risk and expense. - J.Z., 11. 1.03.)

Deserves, what the Indians now have, the terms liberty and home rule? Are not more than 90 % of the people much more delivered to the arbitrariness of the officials? Are they not much less protected against outbreaks of fanaticism?

I doubt that under the present conditions the Indians are able to get political experience and learn what freedom, foreign rule and such things are.

In the middle ages the little republics of Italy chose every year new capitani regenti. There was a law that the capitano **must** be a foreigner. Nobody interpreted this useful law as a law to "deliver the community to foreign rule". If the Indians get political experience, they will accept the old Italian law.

(Experience with territorial politics as usual is not all that desirable and offers more failures than successes. Sometimes even B. forgot about the panarchistic alternative - that of full minority autonomy or of experimental freedom in the political, economic and social spheres, and thought and wrote only in terms of the usual territorial, democratic and republican politics. - J.Z., 11.1.03.)

I learn with great pleasure that next March or April you will, perhaps, come to Germany. If you visit Berlin, please try to get permission from the British Information Centre to start there a lecture about "Note Issuing Banks in England and Scotland before 1844 and their contributions to better the standard of living of the working class." That looks quite innocent. But perhaps you will be in a position to lay a cuckoo-egg into the nest of the monopoly bans, one that produces a big cuckoo, unpleasant to the existing banks.

The first effect of **inflation** (abusive augmentation of the circulating currency - - the word inflation taken in its old and true sense - - is always and invariably the rising of the price of bullion, then of other metals and then of other and non-metallic goods, the prices expressed in the notes that are subject to the inflation. If there is liberty in the country, the economists warn the people and say: People, do not conclude contracts in terms of paper money. Use the paper money only as a means of payment, not as a measure of value. And if you can, refuse the inflated paper money (Inflation proven by the high price of bullion etc.) and demand honest money. Four weeks later all people decline the inflated money and use honest banknotes and by that stop inflation.

Very truly yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

9. II. 1949.

Dear Mr. Meulen,

You say, that you do not acknowledge duties. The manner in which you write "The Individualist" refutes you. It is impossible to write in this manner without feeling a duty to do so, the word "duty" not taken in a religious sense but in a philosophical one.

Kant says: It is not in a man's power to acknowledge his duty or not. It is in his power to **fulfil** his duty or not. The sense for duty is one of the expressions of his personality. (Benda [?], pag. 110/111.) Just the **autonomy** of a man's will leads to the idea of a system of duties derived from the man's nature. Kant declines the religious notion of duty. He says: If duties were described by a **god**, that is, a very powerful demon, so as the churches represent him, nobody can be sure that this demon will not, tomorrow, prescribe the contrary of what he prescribed yesterday. This is demonstrated at all times by the history of sects which imagine to get special revelations from

their god. Some months ago, at a little village in Oldenburg, members of a sect heard "voices" that ordered the sacrificing of children. The children were bound on chairs, but before the leader of the sect had cut their throats, the police entered by force and freed the children. One of the members, to whom the divinity of the voices was suspect, had notified the police.

Schopenhauer says: If a man fulfils duties which do not lie in his nature, he soon will feel repentance exactly like another man feels, who neglected his duty.

Duty derived from prescriptions of a god such as the old-Jewish Jahweh and duties derived from a man's nature are very different things, even if, in some practical cases, they coincide.

Kant talks much of **God**, his holiness, etc. But it is a kind of God, which no church will endorse. The value of this god - - considered from the standpoint of an average priest - - is not better than Spinoza's "Deus", by which he simply meant Nature. He would have called the moral principle, which he called God, by another name, if not, at his time, the booksellers, who sold "atheistic" books were imprisoned, except in Prussia (as long as king Frederick II lived.) Some pupils of Kant referred to some utterances of Jesus Christ in the last years of his life, by which he confessed a kind of God very different from the old Jahweh, who demanded the blood sacrifices of animals. I believe that the well-known scene, where he drove the cattle, pigs and dealers etc. out of the temple, as a protest against the bloody sacrifices. The word, that he would rebuild the temple in three days, if it would be destroyed, gets a quite different sense if it is considered that the Hebrew word for "temple" meant a building as well as a religious community, such as the world "church" in England, the word "Kirche" in German and the world "église" in French. It seems Christ would say: If the present Jewish community would, for any reason, be dissolved, I, together with my adherents, am able to create a new and better one in three days, a remark which could easily be misunderstood. Kant is convinced that he had prepared a kind of religious general strike, beginning with a refusal to pay the temple tax.

Very faithfully yours - signed: U. v. Beckerath.

(No wonder, then, that the recipients of these taxes wanted to crucify him! - J.Z., 11.1.03.)

U. v. Beckerath, ...

9. II. 1949.

Dear Mr. Meulen,

the plan of granting long-term credit by notes of a note-issuing bank is -- as in German financial literature often exposed - - the same as issuing mortgage-bonds in small denominations without interest. I would not object if the conditions of the transaction are fully and clearly stated on the notes. Maybe that some people would even **prefer** notes, that are secured in this way, to notes founded exclusively on short term credits. I confess that I met people, who told me that, in spite of all my reasons against so secured notes, **they** would prefer notes founded on mortgages. (There are other long-term credits than mortgages possible, but probably mainly mortgage credits will be demanded from a note-issuing bank which grants long-term credit.)

The opposite of such notes would be notes that bear interest. At the moment I remember only one experiment on a large scale and that experiment seems to have been essentially successful. During the American Civil War, from 1861 - 1865, the Government of the Northern States issued such a money. The details were - - I must cite from my bad memory - - about the following:

On a note of 10 dollars was printed that it would bear 1/2 % interest monthly. Date of issue (say): 1. I. 1862. Value for which it was accepted for paying taxes:

From 1. II. 62 - 1. III. 62 = 10.05 dollars

1. III. 62 - 1. IV. 62 = 10.10 dollars, etc.

The note bore compound interest, so that after a year it was accepted for 10,62 dollars, after 5 years for 13.49 dollars, etc.

In the first months the public did not care much for the interest. The notes circulated at par. But in proportion to them growing older, the note-holders kept them in their portfolios and after a short time they practically disappeared from circulation.

Perhaps it would be worthwhile to repeat the experiment in private note-issuing business. The volume of the credit business possible on that basis will - - I assume - - never be very great, but in economic spheres, where it is possible, it should be applied.

Interest is a thing which can neither be fixed by governments (although people and governments themselves think they can fix it), nor can it be abolished, nor can it be artificially raised. Offer and demand for capital decide alone. In the present state of the economy in all countries, the demand and therefore the value of future things is less than the value of present goods. In 100 years or 50 it may be the reverse.

Very faithfully Yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

14. II. 1949. Your letter of 9. II., received 12. II.

Dear Mr. Meulen,

the most important passage of your letter: "Apparently you approve the nationalisation of land."
It must have been my inferior knowledge of the English language which caused **such** a misunderstanding. My opinion is, that private land capitalism in its worst form is preferable to "nationalisation", that is to State capitalism in land.

Private capitalism leaves always some hope for reform. State capitalism is always hopeless and can only be reformed by a war, if the enemy of the State, in which land is nationalised, is victorious.

In 1921 I read in the German journal "Die Bodenreform", published at that time by Damaschke, certainly no blockhead, that all increases in the value of the land since 1914 should be confiscated by the government. Damaschke, even in that year, had not yet observed that Germany was amidst an **inflation** (General index number: 1913 = 1, 1921 = 10 - about), and that the increase was merely an increase in paper-mark. Calculating the value of land in gold, there was, in pretty much 99 % of all cases a reduction. Damaschke was reputed to be the most prominent pupil of Henry George in Germany and **he** demanded such a nonsense! (Damasche wrote a book on the history of political economy, which is not bad, compared with the average histories of political economy. He also wrote a book on rhetorics which is well written, but all erudition and dexterity in managing meetings did not prevent him from confounding a standard based on forced currency with a standard based on the value of bullion at the jewellery market.)

I possess many writings Major Douglas. My impression was: The worst variety of State capitalism until now invented!

I hope to be able to write to you some words on the Gosaba experiment.

I agree with you about Free Banking managed by private bankers.
But if no private bankers are found to render the necessary services to people, which are not "creditworthy" in the opinion of average bankers, and if such people get the chance to help themselves by cooperatives, then they should be permitted to do so. I know that on this point we do agree.

I must close. Lack of light, the old evil.

Very faithfully Yours - signed U. v. Beckerath.

U. v. Beckerath, ...

15. II. 49.

Dear Mr. Meulen,

I beg to invite you to frame a Bill, by which

a.) the law of 1844 is repealed,

b.) the state of right concerning **tradesmen's** tokens is restored.

In issuing tradesmen's tokens the storekeeper acted as banker issuing notes, but the storekeeper was not bound to keep a reserve in gold or in notes of other banks, but was merely obliged to accept them in his business as cash money. I read two books (forgot author and title) (on the subject - J.Z.) at the Prussian State Library before it was burned.

What a storekeeper can do, certainly a banker can do. (An association of shops! - J.Z.) But it seems to me advantageous to avoid, in this connection, the word **banker**. "Manager of a private clearing house" would be a better name. People knowing the language better than I do, will find still better names.

(Name ist Schall und Rauch" - "Name is sound and smoke" - said Goethe. Here the great man was mistaken.)

The bill framed, its text should be published in "The Individualist" and the adherents invited to subscribe to a petition to Parliament.

Very faithfully Yours - signed: U. v. Beckerath.

NOTE BY JOHN ZUBE, 11.1.2003:

I am repeatedly asked for a **short** description for the practical introduction of monetary freedom. - How much shorter do you want such a description to be than the above?

Another short bill could propose that the centuries of indiscriminate legislation and jurisdiction against "truck" or "truck payments" or "truck tokens" for the payment of wages be repealed, with the following qualifications:

- 1.) that all arrangements of this kind, to be quite legal and upheld by the courts, require agreement between employers and employees (may be, initially, also of trade union functionaries - they could not risk vetoing them forever), indicating that they consider them to be preferable to the present and monopolistic condition for payments in this sphere, which might make them unemployed or bankrupt them,
- 2.) all details of such arrangements and procedures and their functioning should be very well published.
- 3.) all such notes, certificates, claims etc. should be freely and publicly market-rated against optional value standards, i.e., that they would be legal tender at their face value only towards their issuers,
- 4.) that all people not contractually obliged to accept the notes and to accept them at par, should be free to refuse or to discount them,
- 5.) that there exists a standing invitation for any proposals to further improve such voluntary payment and clearing arrangements, together with an opportunity for their publication and discussion. (Alternative media would make it easy and cheap to fulfil this condition.)

Such repeals and rulings would give all the parties concerned an incentive to so design alternative wage payment means, in continuance and rapid development of the old truck payment, truck token and truck shop tradition, and that of "canteen money" or "fichas", or emergency money notes, so that they would become really satisfactory and even superior and competitive - compared with the present monopoly money.

Via shop and service foundation for them, they could always be plentifully supplied, just to the extent that they are needed at any time and location.

The "truck shops" redeeming the "truck-notes" with which wages and salaries could then be paid, should be set up and run as consumer cooperatives of the employees (To avoid accusations of "double exploitation" by the employer and to let the employees appear as money providers for their employer!) and, as soon as possible, other shops, that are willing to accept these notes, and to provide "shop-foundation" for the further issue of such notes, should be included in such private, cooperative and voluntary payment communities. Together, they could form a cooperative issue, acceptance and clearing centre for optimally improved local truck notes, gradually becoming a local currency.

If the present monopoly money, with its coercion, deception and enforced uniformity and its central banking powers and privileges were really providing a superior service, then its advocates should not be so afraid and so prohibitive towards such a competition. Let us see, who would have the last laugh! Really effective currency issuers and managers would get many more opportunities to prove their abilities. The failures among them would be dropped as fast as possible.

Cases where employers were enabled, by such payment agreements, to avoid laying off large numbers of employees and also to at least partly solve their sales problems at the same time (via "truck tokens" or clearing certificates, that they issue themselves and use to pay, not the employees but the own suppliers and other costs, and which they oblige themselves to accept and redeem, but only in their goods already produced and their ready for sale services), should be well reported in the media.

"A journey of a thousand miles begins with a single step."

All would be voluntary, negotiable and correspond to the degree of enlightenment achieved in this matter among the voluntary participants.

Nothing but outright fraud, deception and coercion would be prevented by the remaining legislation. And this is as it should be.

This gradualist, voluntary, self-help, contractual, experimental, pragmatic and practical and also freedom-loving approach should especially appeal to Englishmen and Americans. Between them they would either come to develop or to find and recognize sound theories for their free and effective actions. - J.Z., 11.1.03.)

U. v. Beckerath, ...

19. II. 1949.

Dear Mr. Meulen,

a German monthly published last year a gruesome picture: A man of Russian type walks in the streets of an American town. Darkness. The man is alone. In his hands he carries a trunk. The heading of the picture assures that he carries an atomic bomb. After some time - - some weeks - - some years - - the bomb will explode at the place selected.

In October 1948 an article in Collier's Magazine demonstrated openly such a possibility. I think I wrote to you about it.

Is any protection possible????

Perhaps.

You know and probably better than I that some somnambulists and such people are endowed with the gift to **feel** the presence of metals and, very probably, also the proximity of radioactive substances.

Atomic bombs, although well enclosed in a trunk by lead, cement or other substances, will not be protected **so** well, that not some influence of the bomb is felt by the somnambulist. If the somnambulist walks through the town, he will feel the, bomb. Experiments with somnambulists and radioactive substances could easily be organised.

Perhaps even dowsers would be able to detect the influence of hidden atomic bombs.

Would it not be a theme for the Society for Psychical Research?

Very truly Yours - signed Ulrich von Beckerath.

(J.Z.: Rather: Support tyrannicide rather than mass murder, i.e., individual responsibility rather collective responsibility. Insist on exterritorial autonomy for all dissenters, not only in the USA, Russia, China, the Middle East, Africa etc. Clarify that nuclear weapons are morally no better than extermination camps. Exterritorial autonomy for all minorities would also eliminate targets for ABC mass murder devices. Via free banking, free trade, cooperative and partnership production, create so much wealth opportunities for all that hatreds are minimised. Involve all people in the finding and destruction of mass murder devices. For more such notions and some details see my two peace books. - J.Z., 22.5.03.)

(J.Z.: That reminds me of one joke on the smuggling in of nuclear weapons by Soviet agents:

Indeed, you could provide nuclear weapons for this mass murderous purpose - mostly victimising those whom you consider to be the exploited and suppressed proletarians of the world. I also agree that you are capable of smuggling-in suitcase-sized atomic bombs. However, where would you get the suitcases for them?

The famous nuclear scientist, Robert Oppenheimer, once asserted that there exists a simple tool to find any hidden nuclear weapon: Namely a strong screwdriver, with which to open every box and cupboard in the country to check for them. Otherwise you could not detect them. That joking suggestion also implied that a few government inspectors, like now in Iraq - - according to yesterday's radio news they were begging the Iraq regime to help them! - - could, obviously, not cope with this task. Would Hitler, Stalin, Mao or Castro or Idi Amin have helped, in such a situation? Almost the whole of the people would have to be involved as inspectors against ABC mass murder devices. That is their right, even their duty.

As for the sensitivity of some people: I met a woman once, in a railway trip along the Rhine, about 12 years ago. She asserted that she knew a person who would be sensitive to any atomic test explosion on Earth and had announced to her friends many of them - before they were officially reported. Whether she was also able to detect dormant nuclear weapons was not clarified. A lively discussion resulted but it annoyed one of the other passengers very much and we allowed his strong protest to shut us up! I doubt that we were noisier than the train. Apparently, he preferred the continuance and the realisation of the nuclear threat to a mere discussion about its prevention. People! Myself included! We should have shut him up or continued the discussion elsewhere - but did not. People do not always do their duty. Even I don't. - J.Z., 11.1.03.)

U. v. Beckerath, ...

20. II. 1949.

Dear Mr. Meulen,

in the year 1980 the celebrated telephone-inventor **Bell** invented an ingenious apparatus which he called "Photophon". By that apparatus Bell was able to send acoustic waves at pretty great distances with the aid of a **mirror** and a plate of selenium.

When from one side sound waves were directed against the selenium plate and the other was used to reflect a ray of sunlight or other light, the ray transported the acoustic waves to a great distance. I possess an old Encyclopaedia (Meyer's Konversations-Lexikon, vierte Auflage, published 1889) in whose 13th volume, page 542, at the heading "Radiophonie", Bell's "Photophon" is mentioned. At page 28 of the same volume the apparatus is copied.

The transmitting of acoustic waves by light was nearly at the same time performed with the help of another physical principle, discovered by Mercadier. In the article "Radiophonie" the proceeding is shortly demonstrated.

The matter is now - - as it seems - - quite forgotten. Some years ago I had an opportunity to direct the attention of a German Professor to Bell's invention. He did not know it and treated it with contempt, taking the thing as a toy. In a standard work like Nostrand's Scientific Encyclopaedia nothing is said about the transmission of sound by light. But I think in older editions of the Encyclopaedia Britannica Bell's invention and that of Mercadier will be mentioned.

In the last months I thought often about Bell and Mercadier. At their time ultrasonics were not yet known. (As far as I know.)

Would it perhaps be possible to send ultrasonics by light? And if it were possible, can bombs and especially atomic bombs, resist ultrasonics? **I think: not!**

A reflector of the kind used in war against aeroplanes, but equipped with a selenium mirror, would perhaps destroy the bombs in the open air, that is, before they arrive at their target. Vice versa, it would perhaps be possible to attack, by ultrasonics, stores of bombs from an aeroplane.

Do you see any possibility - - provided that you do not take the matter to be useless or fantastic - - to call the attention of an officer of the airforce to Bell's invention?????????

I have no connections.

Very truly Yours - signed: U. v. Beckerath.

J.Z.: If I remember right what I read and heard about it: The mirror was flexible even to sound-waves. Thus sound-waves reaching it, while it transmitted light over a distance, to the other side, which had a selenium plate, the light strength received at the selenium plate did vary with the flexing of the mirror. Selenium turns light into electricity and that varied strength of electricity was then used to flex a thin plate serving as a speaker. Thus the system could carry the sound over a limited distance but beyond the reach of sound on its own. So far so good, sound transmission along the line of sight. Comprehensible and explainable by what is known. But then the unexplained happened. The contraption also worked with the selenium and the loudspeaker removed! Somehow the light had carried the sound directly. How? That was not explained nor, to my knowledge, was explored and explained even now. Telephones worked better otherwise. So these early experiments and their results were largely forgotten. Ultrasound, so carried, might be turned into an effective defensive weapon e.g. against IBMs or nuclear bombers. - J.Z., 11.1.2003.

U. v. Beckerath, ...

24. II. 1949. Your letter of 17-th February, received today

Dear Mr. Meulen,

what a pity that you do not come this Spring to Germany! A lecture on Free Banking, delivered by you at the Information Centre could have become the beginning of a development.

You express the opinion that nobody, even a few months before the war could have been certain, that Hitler would invade Poland. Here in Berlin everybody was certain. Immense halls were built - - obviously for military purposes - - near Berlin and Potsdam, and the workers were strictly ordered to speak of these halls even in family circles only as "sports halls". I heard from a friend, an architect, that many workers were sent to prison for having talked of these buildings by their right names.

I heard from workers in watch factories that they were making clockworks for bombs and nothing else than that. At that time it was impossible to write about these preparations to foreign countries. I invited my friend, the Professor Fauconnet of the University of Poitiers, who speaks better German than I do, to come at once to Berlin, visit me and talk with me about most important questions of the Schopenhauerian philosophy. (We are both members of the Schopenhauer Society.) But he did not understand me - - of course - - and I had no possibility to communicate what I daily saw and heard to anyone abroad. Letters to foreign countries were all opened by the Gestapo. If Fauconnet would have reported at Paris what was here prepared, perhaps **Blum** - - although ordinarily a passive man - - would have mobilised the French army. Such military action, in 1938, would have cost less than 100,000 men.

Collective Responsibility. Many millions of Germans would have done what was in a man's power to overthrow the Nazi- Government at any price, even if the price would have been that Germany, in future, would be governed by the English, the French or any other, except the Soviets. But these millions had no possibility to act in any way. Nobody can make them responsible for such a situation. At least these millions should be exempt from actions on the principle of collective responsibility.

An eminent author of our times wrote a word in the February number of "The Individualist", page 6, line 9: "How foolish are the voters."

That's right! But **foolish** men - - in this case the millions that voted **for** Hitler - - are not responsible, although their neighbours may keep them in dependency until some security is given that they are no longer **as** foolish as they were. (The brilliant author hinted at discovered foolish voters not only in Germany.)

(My typewriter ribbon is worn out - - but new ones cost West-mark - - DM 3 1/2 for a bad ribbon.)

Free Banking In German. I will not object to a Banking Plan on the basis proposed by you, a plan that includes a redemption of notes in gold at the price quoted at the exchange. Let this system compete with others, but let it openly state its plan **quite** openly! On this point we agree.

By the laws of the Allied even the possession of Gold is prohibited in Germany (as well as in the US and that they call **progress**), but you are right, all should be done to restore a bullion market in Germany.

Also the gold clause should not be longer prohibited in Germany. Debtors should be permitted to grant to their creditors the gold clause and this in an honest manner.

For **all** government activity, especially in the economic sphere, it is true what the great **Goethe** says in his "Maxims" ("Sprueche"), third section:

"Es ist nichts schrecklicher als eine taetige Unwissenheit." ("There is nothing more terrible than ignorance in action!")

Light will be extinguished in a few minutes.

Very truly Yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

25. II. 1949 Your letter of 22 . II., received today.

Dear Mr. Meulen,

In his "Doctrine of Virtue" (Tugendlehre), Part: "Ethische Elementarlehre" (Basic Ethical Teachings), § 2, **Kant** says:

There exist duties of man against himself.

Suppose: Such duties would not exist, then no duties would exist at all, also no duties of one man against the other. - - Only if I can oblige myself against myself can I be obliged towards others. The moral law which fixes my obligations against others, is in all cases founded on my own practical reason. The own reason compels me, but the compulsion is imposed by myself.

In German:

Es gibt doch Pflichten des Menschen gegen sich selbst. Denn setzet es gaebe keine solche Pflichten, so wuerde es ueberhaupt gar keine, auch keine aeusseren Pflichten geben. - Denn ich kann mich gegen andere nicht fuer verbunden erkennen, als nur insofern ich zugleich mich selbst verbinde; weil das Gesetz, kraft dessen ich mich fuer verbunden achte, in allen Faellen aus meiner eignen, praktischen Vernunft hervorgeht, durch welche ich genoetigt werde, indem ich zugleich der Noetigende in Ansehung meiner selbst bin.

Translated into a more modern Germans:

Pflichten des Menschen gegen sich selbst gibt es.

Denn, angenommen, es gaebe keine Pflichten des Menschen gegen sich selbst, so gaebe es auch keine Pflichten gegen andere. Gegen andere kann ich nur dann verpflichtet sein, wenn ich mich selbst gegen sie verpflichte. Das moralische Gesetz, welches meine Pflicht gegen andere reguliert, das geht in allen moeglichen Faellen aus meiner eignen Vernunft hervor insofern diese Vernunft praktisch ist. Ich werde moralisch gezwungen, aber derjenige, der mich zwingt, das bin ich selbst, bzw. es ist meine eigne Vernunft, die mich zwingt.

(There are duties of man towards himself. For suppose there were not duties of man towards himself, then there would also be no duties towards others. I can be only obliged towards others when I oblige myself towards them. The moral law, which regulates my duty towards others, originates in all possible cases out of my own reason, insofar as this reason is practical. I am morally forced, but the one who forces me is myself, rather, it is my own reason which forces me. - J.Z., 22.5.03.)

I confess, that I agree with Kant.

In his "Metaphysics of morals" ("Grundlegung zur Metaphysik der Sitten") Kant says in the chapter "Development of popular ethics to a metaphysics of morals" ("Uebergang von der populaeren sittlichen Weltweisheit zur Metaphysik der Sitten"):

One found man bound through his duty to laws. One did not realize, that he is subject only to his own and, nevertheless, a general legislation. (Underlinings by Kant.)

(J.Z.: That is not far, in very general terms, from self-made or self-chosen legislation through panarchism, moderated through respect for all genuine individual rights and liberties that are claimed by members of other panarchies, which have and practice different laws, rules and institutions. Total exterritorial autonomy for

individuals and their States and societies but combined with total tolerance and non-interventionism as far as the rights of others and their total autonomy in their panarchies is concerned. But also a far-going duty to help protect their rights and liberties against threats and oppression, to the extent that they do want to claim their rights and liberties. I.e., Orthodox Roman Catholics will not be liberated from the censorship they desire for themselves. - J.Z., 22.5.03.)

In German:

"Man sah den Menschen durch seine Pflicht an Gesetze gebunden, man liess es sich aber nicht einfallen, dass er nur seiner eignen und dennoch allgemeinen Gesetzgebung unterworfen sei." (Underlinings by Kant.)

From these few lines one can already see that Kant takes the concept of an "absolute duty" (Kant's German expression is "kategorischer Imperativ") not in the theological sense. An "absolute duty", in the sense of Kant, would be a duty whose validity cannot be refuted by any logical argument. In the work mentioned, Kant enumerates some of these duties:

- 1.) "Act only according to that principle which you may wish to become a general law."
(In German: Handle nur nach derjenigen Maxime, durch die du zugleich wollen kannst, dass sie ein allgemeines Gesetz werde.)
- 2) "Act so, as if the principle of your action should become, by your will, a general law of nature."
(In German: "Handle so, als ob die Maxime deiner Handlung durch deinen Willen zum allgemeinen Naturgesetz werden sollte." (Underlining by Kant.)
- 3.) "Act so, that you use humanity, in your own person as well as in the person of every others, never merely as a means but always also as an purpose."
(In German: "Handle so, dass du die Menschheit sowohl in deiner Person, als in der Person eines jeden andern, jederzeit zugleich als Zweck niemals bloss als Mittel brauchest.")

In his critique of Kant's ethics Schopenhauer did not mention these important passages (important for Kant's philosophy - - the reader may reject or accept them) but pretended simply that Kant had taken his morals from the decalogue and preached theology. From the passages can be clearly, that Kant's morals have nothing to do with theology. (Schopenhauer's character was not the best, however profound his metaphysics were.)

Kant's moral is not founded on altruism but merely on duty and duty is that what man's nature demands, as a being gifted with reason.

Kant adds that man's nature, as a being gifted with reason, not only demands duty but enforces it, like his stomach enforces eating.

The fact that in many men reason has not its full force (children, the majority of women, many average men, very old men) does not refute the cases where it acts in full force, the latter not being only demand but also a well-established fact. Kant gives as an example **Spinoza**. Spinoza was a very dutiful man, but obviously not because he feared an avenging god or believed in authorities.

(J.Z., 12.1.03: Full force? How many Spinozas, Kants and Beckeraths were there?)

9/10 of what you write about duty is not opposed to the philosophy of Kant. From the remaining tenth the greatest part is not directly opposed. Take the case where a father has hurt his child. You ask: "Does the repentance differ in essence, from any other pain that he may feel?" You are right to exhibit the problem in the form of a question, for it can be solved - - here we agree - - only by experience and **wholly** be solved only by the own experience. I have no children and own experience is not possible for me. (*) But, nevertheless, I am inclined to agree with those psychologists who assert that the repentance you explain is not only in degree but also in kind another one than repentance for other acts that originally are not in our nature. But that does not refute your opinion, which - - excuse me - - in **this** case is, probably, also not founded on the own experience.

(*) (J.Z.: I have always found him very kind, concerned and understanding about children, much more than I was, and, perhaps, still am, although I had 3 boys and spent much - not enough - time with them. - J.Z., 13.1.03.)

The love of offspring is not less in animals which do not live in herds (gorillas, lions and 100 others) than in those which live in herds and, perhaps, in the former it is even stronger. But in our present considerations the remark is not essential.

You say: It seems that the special name of duty is applied to the cases where love is involved.

I am not sure. If a judge decides a case without sufficiently clarifying the matter and applies a law which originally was not intended for cases like the one in question, the judge violates his duty. If a judge is overburdened or must deliberate in a room where the water freezes, that is hardly to be avoided. Sentences of price-control authorities are very often of this kind. Example: A merchant is charged to procure a wireless set. He procures it after much trouble and some prolonged searching for a price of 1,000 paper-marks. The official maximum price is 100 paper marks. He sells the apparatus to his customer for 1100 paper marks, which is really a very moderate price, leaving him not more than 10 %. The customer pays for the apparatus, then denounces the trader at the price office and demands the restitution of 1,000 paper marks. The judge looks at the price-control list and condemns the merchant. But the appeals court says: The law says nothing about the lawfulness of compensating a merchant for additional efforts and expenses. Therefore, a price of 1100 paper marks cannot be considered as unlawful under the explained circumstances. The judge of the price-control office had not taken that into due consideration. (The later price-control laws excluded calculation on the here hinted at basis.) Now the customer gets a second bill:

1 wireless at 100 paper marks.

Travelling, to procure it: 1,000 paper marks.

Sum due, and already paid - 1,100 paper marks.

Now the matter was in order. The judge of the first instance had violated his duty, but love was not involved here. (B. mentioned to me another and quite typical case of these times: Sugar was price-controlled at, say, 20 marks a bag, but bags were not on the list of price controlled items. So the sugar itself was sold for 20 marks and the bag, in which it came, for 200 marks. That was on the official market. On the unofficial one, naturally, not attention was paid to the controlled prices. - From India robberies of grain transports were reported, where the robbers paid the owners the official controlled price - and saved them further transport costs! By the Indian law of that time these robbers could not be charged with robbery! Some laws confirm the popular saying: "The law is an ass!" - Under rent controls and for many years in France more houses collapsed every year than were newly built. - J.Z., 12.1.03.)

(A list of 100 cases as the one cited would be a good propaganda reference against all kinds of price control laws.)

Sometimes one must be distinguished between "repentance" and "regret". If you spoke inadvertently rather harshly to your sweet-heart (note: birth class of 1882 and a sweetheart!) --- you certainly **regret** it but you cannot **repent** it, because you spoke inadvertently and it was at the moment not in your power to speak otherwise. A man is only responsible for what is in his power. (The sweetheart did burn the coffee beans. Every man in **such** a case would express his opinion in a somewhat forceful manner, according to the **nature** of men. It is the sweetheart's role to **repent** and the sweetheart should remember that feelings towards a sweetheart may **vary**. "Die Liebe geht durch den Magen" is an old German saying. (Love goes through the stomach.)

Very faithfully yours - signed: Ulrich von Beckerath.

U. v. Beckerath,

27. II. 1949.

Your letter of 22. II.

Dear Mr Meulen,

your discovery that typified tickets not convertible into money but merely into goods or services are legal in Great Britain is the greatest discovery made by any man of our time. The consequences can only be compared with the invention of the cross-bow in early middle-ages or of gun-powder some centuries later, both mortal blows to feudalism, although the full effects appeared - - as far as a historian can judge - - not, earlier than in the 18th

century. Of course - - **one** sentence of the legislator, of three lines, and the tickets are prohibited, in a moment, without more than three dozen persons noticing the harm inflicted thereby on the working class (to which, certainly, not only factory workers belong). But the **chance** is given and that must be sufficient for the moment.

(Note by J.Z., 12.1.03: George W. Hilton, The Truck System, including a History of the British Truck Acts 1465-1960, Cambridge, W. Heffer & Sons Ltd., 1960, 166 pages, indexed, reprinted 1975 by Greenwood and sold for \$ 15, ISBN - 0 - 8371-8130-5 HITS, demonstrated that at least in that sphere of goods warrants and token money parliament was, as usual, prolific with its prohibitions. Nevertheless, to overcome emergencies, quite primitive ways of otherwise paying wages were resorted to again and again. Without this intervention quite satisfactory and sound alternative ways of paying labour would have been competitively developed.

Robert Carnaghan wrote to me recently of 2 instances in England, a few years ago, in which the Bank of England stomped upon monetary freedom experiments. Thus it appears that Meulen was mistaken here, too.)

You will consider it as a defect that the tickets are not convertible into gold, at least at the market price of bullion. But if today any banker would really convert his notes into gold (coins? wire? gold varnish?) at any conditions, in a few days all his gold would be converted. Why? People like gold as a proven security in case of a paper money inflation, the word taken in the sense of 1913, when it not merely meant a rising of prices, wages, taxes, etc. But in practice people have no opportunity to **get** gold. Merely the jewellers and such people can obtain gold. The "man in the street" is too poor to buy the minimum quantities which the gold dealers sell. But converting notes at a bank, that is an easy and simple expedient to get gold.

(J.Z.: At least that situation has improved since. However, the gold markets are still not quite free and such deals are taxed at least in Australia! Dealings in a self-chosen value standard should never be taxed. That would be like taxing every use of measures like the meter, litre or kilogram. - J.Z., 13.1.03, 22.5.03.)

The bank may try to protect itself by an option clause or a condition by which the minimum amount converted is, say, L 10. And if it is L 100, such a condition is really no protection. The inhabitants of a house or the members of a club will nominate a trustee and get the gold. In the case of an option clause, the notes will be legally presented on notice and converted after 3 months or 6.

The fact that for so many years the people were prevented from acquiring gold as easily as in 1913 cannot be overlooked. The fact has created a quite new situation. Only if gold coins have circulated for some years and people trust that they will continue to do so in the future, may a banker promise to convert his notes into gold under conditions as he may see fit. At such a time the gold clause is then also without practical value because most people will **then** prefer paper to gold.

If Free Banking is to **start** in our times, then it must start without gold.

That 40 years ago the experiment of the "Cooperative Brotherhood Bank" failed does not prove the uselessness of Free Banking without gold for our times. Social progress is - - is Kant means it - - a natural process, like the variations of the Earth's poles or the inevitable enlargement of the mouths of great rivers (Mississippi, Nile, Ganges). Free Banking is a part, of this process, and it corresponds to the usual course of natural processes that nature first exhausts the possibilities of failure. Nature creates mammoths and similar beasts before it creates Indian elephants, which are the animal that nature really meant.

Every failure is to be considered as a tiny seed. Nature wants many seeds to create **one** plant.

Very faithfully yours - signed: U. von Beckerath.

U. von Beckerath, ...

28. II. 1949. Your letter of 9. I., "Bankmaessigkeit" of loans.

Dear Mr. Meulen,

"bankmaessige Sicherheit"- - security fit for banks - - does not mean, according to the elder German theory of banking, a higher degree of security than - - say - - a mortgage offers. It means another kind of security, namely that of the certainty of keeping the quotation of notes at par by the nature of the securities selected. The banker said: If the security is well selected then note holders must not wait, in cases of panics or bad humour in the business world, when, when everybody likes to convert notes against something substantial (which has nothing to

do with **trust** in the **banker**), or merely a very short time, so that even when the trust politicians, parliaments, generals on similar people sinks to the legally prescribed minimum, the trust in the **banker** remains unaltered.

Theorists and bankers said: If the bank grants advances in notes on **short terms**, not exceeding 3 months, and the notes suffer a discount

(1 hour later)

then it is advantageous for the debtors of the bank to buy the notes and repay, with them their debts at once. Example: If the discount on the open market is - - say - - one percent, the debtor buys these notes and repays with them his debt, he wins at once 1 %, which may be more than 10% or even 15 or more % per year. The gain depends on the time between the day of purchasing the notes and the day at which the advance is to be repaid. If the advance is to be repaid at April 1st, the notes are bought on March 30th and used as means of payment on March 31st, then the gain is 1/99 per day. If the advance is to be repaid on the 1. 5. and, instead, is repaid on March 31st, then the gain is only 1% per month - - still considerable, but not so stimulating as in the former case, for a merchant is often in a situation where he may, by cash turnover, win more than 1\$ per month. If the advance is to be repaid on June 30th, then the gain is only 1 % for three months, if the notes were bought on March 31st.

If the advance is to be repaid later than after three months, then the debtor, in the case here considered, is not induced to buy the notes. He would probably lose, although the bank must, in every case accept its own notes at par, even if their quotation at the Exchange may be as low as is economically possible.

It is now to be seen, that the shortness of the time, for which the notes are granted, creates a mechanism to draw notes, which had suffered a discount, quickly from the market and so restore parity.

That characteristics of short-term advances is what German bankers and theorists in old times called "bankmaessige Sicherheit".

Very faithfully Yours - signed: U. v. Beckerath.

If parity is restored, then the note-holder can buy in every shop anything and use the notes as means of payment at par.

The trust in the banker is restored. The note holder may then even change the notes into other means of payment, say, coins or notes of other banks, without loss.

Bth.

3. III. 1949.

Dear Mr. Meulen,

from an excellent German book, "Die Banken", by Huebner, published some years before 1860 (burnt with 3,000 others) (Otto Huebner, Die Banken, 1854, 476 pages, was reproduced in PEACE PLANS 566, 42 times reduced. - J.Z., 13.1.03.) I learnt that the law of 1844, though a hard blow for Great Britain's economy, did hardly effect the profits of the note-issuing banks. As one of the reasons for this astonishing fact Huebner points out: The interest rate for advances given by bankers to merchants, in their own notes (they distinguished between advances in the own notes and advances given in notes of the Bank of England, which cost considerably more) was very low, so that it left only a very small profit to the banker. Thus giving up this branch was hardly a loss to the banker. Long before 1844, as Huebner reports, the bankers got the main part of their profits from their deposit business. This business was considerable because, at this time, there were very few opportunities for the public to invest small sums for some weeks or months, except with the bankers. The deposits enabled the bankers to grant advances for a longer time than a bank could have safely granted only by issuing its own notes.

Although this matter is not immediately connected with our theme, I beg to observe here, that the manner in which the advances were granted, was very prudent. By the way, it was the same manner in which the old Prussian public fire societies paid the indemnities to those insured who suffered a loss. Not the merchant who applied for the advance got the money but his creditors got it. By this simple procedure the bankers get a very good insight into the business of the merchant and learnt, without an inquiry-office, whether the merchant was creditworthy or not.

Moreover, it often happened that the creditor was a debtor of the banker. In this case the banker was often in the situation to simply credit, to the merchant's creditor, who was the banker's debtor, the amount advanced.

I was not able to get details about the deposit-business of old Scotch and English banking. But I do think it probably that some persons deposited sums with recall terms of some years. (Fixed deposits. - J.Z.) The interest on such deposits may have been relatively high. Probably it was as it is now with banks in Switzerland. For short-term deposits they pay no interest or even charge an administration fee. For long-term deposits they pay nearly the same interest as mortgage bonds yield. With the money from such long-term deposits, the bankers very probably financed the supply of machines, raw materials and other goods which do bring profits but not at once. But to the public it seemed as if the banker financed such purchasing simply by issuing notes and my impression is that even Adam Smith did not have the full insight here. But he is to be excused, for bankers at that time liked to hide the details of their business and veil it in secrecy and even mystery, as we ourselves would, probably, have done, if we would have lived at that time. (The Prussian State Bank published no reports from 1807 until about 1850.)

The historian, who would collect the certainly still available details, of old deposit business, would do a great service not only to history but also to modern monetary theory.

Very truly yours - signed: U. v. Beckerath.

4. III. 1949.

Dear Mr. Meulen,

in the Berlin newspaper "Die Welt" I read this news:

"Illegal coining. The manufacturing of imitations of British sovereigns and American gold-eagles is reported from two countries in the West of Europe. The imitations are indistinguishable from genuine coins and are of the same standard. At the bullion market the coins are paid for at double their nominal value.

The coins, which some medal factory will have fabricated, are, obviously, no falsifications. They are merely imitations, and the crime, **if** there is a crime, consists in a violation of the mint monopoly of the governments. But a lawyer may ask if such a monopoly can still be admitted after England and the US gave up the gold standard and, consequently, the coining. Coins are today nothing more than ingots and for the manufacturing of ingots no monopoly exists. However, may the lawyers decide the question.

More important is that the information reports a market value of the new coins far higher than the quotation for ingots at the bullion exchange. The ingots usually sold by the gold dealers are relatively big and can only be bought by jewellers, dentists and other people, who are rich enough to buy them. The demand of the man in the street, although always latent, did not appear at the market. Now just **this** demand is partly satisfied by an **offer**.

Experience shows now that the public is willing to pay, e.g. for an ounce, not 35 Dollars, which is the legal purchasing price of the government in the US, also not 48 Dollars, which is the price at the bullion market at Mexico City, but 70 Dollars, if the information of "Die Welt" is right, and I believe it to be right. But the latter price will not be **quoted** officially, because the selling of the newly minted coins will be considered as illegal by the governments. Consequently: A banker, who offers to note-bearers redemption in gold at the **quoted** market price of bullion will have lost all his gold in a short time. In the case where the banker offers gold coins, the matter is particularly clear. The note-bearer presents 480 Dollars for redemption, gets 10 ounces, then he exchanges the ingots (perhaps in form of wire, as not seldom in China, or in form of gold varnish, as happened often in Germany in 1923) at a free bullion market, with a little loss into gold coins of the new minting. With the new gold coins he buys notes, represents the notes - - at a greater quantity than before - - again to the banker, and in a few days or earlier, the banker will have lost all his gold.

This process presupposes that the price difference of ingots in the usual form and that of the newly minted coins - - if exchanged in natura - - will not be great.

But it may also happen that the existence of the newly minted coins at the bullion market elevates the price of ingots to the present price of gold coins at the bullion market. Then the banker can pay a smaller quantity of gold than would be the case without the existence of coins at the bullion market. But then, as well, the public, in its present thirst for bullion gold, will demand the redeeming of the notes. The time before the last gold is used for redemption purposes will now not be 3 days but, perhaps, three weeks or even three months, but, very probably, not longer.

The new coins created a new reason for **not** starting Free Banking with a promise to redeem the notes in any form of gold.

Very truly yours - signed: U. v. Beckerath.

5. III. 1949.

Dear Mr. Meulen,

in Germany it was an old practice, of the **large** note-issuing banks, to collect as many notes as possible of the smaller note-issuing banks and then to present them for redemption. (The worst in this respect was the Prussian State Bank.) The laws, 2 or 3 generations ago, fixed an upper limit, for the amount of outstanding notes, in multiples of the silver or gold-coins. Suppose, the bank had a amount of 1 million Silver-Thalers, then it was permitted to issue three million in notes. (The ration of one to three was considered as "classical" and "approved by the experience in England". The rules of some banks had fixed a ratio of 1:2 or 1: 2 1/2.) Now the Prussian State Bank (1876 transformed into the Reichsbank) undertook sometime this funny business: It collected notes of the bank, say, for 500,000 Silver-Thalers. Then it presented this parcel for redemption. The bank must - - of course - - redeem and lost 500,000 Thalers in **one** day. Then the Prussian Bank demanded that the bank must, at once, reduce the amount of its outstanding notes to the threefold of the remaining silver stock, that is, by 1 1/2 million Thalers. The bank was unable to reduce the amount of its outstanding notes as quickly. Thus it must apply to the ministry and beg for a respite. The respite was nearly always granted, for the ministry was not the blockheaded not to see, what the calling-in of more than a million notes meant **economically**. But the Prussian Bank would then publish, in all papers, that this bank did no longer deserve **trust**, for its silver-stock was reduced to a lower amount than the law permitted. Banking at that time was no pleasure and after 1876 (the year when the Reichsbank began its business) the 33 then existing note-issuing banks gave up their privilege without much resistance, except four. The banks turned to deposit business, which brought greater profits and was not exposed to troubles like the ones mentioned.

The Prussian State Bank itself had learnt something from its evil practice. In the new banking law, by which the Reichsbank was created, there was a provision that the bank could issue as many notes as it believed it could responsibly issue, but it must pay a tax of 5 % p.a. on the amount not covered by metal stock, the threefold of the metal stock being considered as "normal". That law was generally admired by the economists of that time and imitated by some legislation. (It is said, that **Michaelis** first suggested the idea.)

I am afraid that note-issuing bankers - - if they would promise redemption of notes into gold - - even today, would be exposed to attacks as were the old note-issuing banks in Germany, 90 years ago. The precaution of the banker consisting in substituting notes of other well established banks for gold would not protect the banker. The man who claims redemption need do nothing ore than declare: I do not trust the other banks and do not consider them as being well established.

The redemption idea, which brought so many calamities to the world, must be completely rejected for the note-issuing business.

Very truly yours - signed U. v. Beckerath.

(The "gold-bugs" would, naturally, object that only the fractional gold reserve fund, combined with the full redemption obligation, by the issuer, at any time, upon demand, ought to be rejected, as far too risky and replaced by a 100 % gold-covered and 100% gold-redeemable gold certificate issues. But then most of the advantages of free note issues would disappear and only the advantages of gold certificates over gold coins would remain or, nowadays, those of being able to convey electronically the value of really existing metallic gold weight units, stored at some centre. All transactions would still, essentially, be confined to barter transactions against weight units of metallic gold, that are actually in possession of or claimable by one of the traders. In other words: All the millions of goods and services ready for sale, could only be exchanged through the bottleneck of a single commodity, one that is rather rare. - If one sufficiently ponders that **imposition** on **all** exchanges, one will soon see its absurdity. Moreover, all clearing does, obviously, not require the presence of metallic gold weight units at all, but merely accounting in them (if that value standard is chosen for this purpose) and knowledge of their value on a free gold market. Thus, all people able and willing to clear their exchanges, even when they do so with the aid of notes, certificates or accounts, should not be obliged to have at their disposal equivalent amounts of metallic gold.

A. can clear the value of 1,000 ounces of gold that he owes to B., on a certain day, against the value of 1,000 ounces of gold that B. owes to him, on that day, without a single ounce of gold being in the possession or claimable by either a A. or B., or being required for this mutual cancellation of debts, or being moved from its present location in the world to any other location. No right to metallic gold need be involved at all, although ounces or grams of gold may still be the value standards in the contracts or claims exchanged or settled between A. and B. - or a multitude of participants. - J.Z., 13.1.03.)

U. von Beckerath,

6. III. 1949

MONETARY EXPERIENCE AT POTSDAM.

To understand the following report of the West-Berlin "Der Tagesspiegel", edition of 26.II.1949, one must know:

I.) that the Russians opened some months ago, in the in zone occupied by the Soviets, a number of shops where rationed goods are sold freely and where the price control rules are not applied. It is said that the business of these shops does help considerably to diminish the Eastern Zone's deficit. To tell the truth, the quality of the goods is not worse than those of the rationed goods and often better. The prices in most cases do not surpass the prices at the secret (black or underground - J.Z.) markets.

II.) There exists a regulation in the Eastern Zone that no private person is permitted to keep at home more than 600 East Marks in cash. The report has been:

"Some days ago an inhabitant of Potsdam bought, for 2,000 EM a wireless set at a State shop situated in the Brandenburg Street. The cashier-lady demanded the buyer's address and added that all people buying for more than 1,000 EM must state their address upon order of the Society Military Administration (SMA). Three days later, there appeared at the buyer's home two officials and demanded, in the name of the SMA, information about the provenance (origin - J.Z.) of the 2,000 EM. He must know that he had no permission to keep at home more than 600 EM in cash. Then they confiscated the wireless set. The buyer protested at the State shop. The manager counselled him to keep quiet. The case reported is the fourth of this kind observed."

On first impression, one is tempted to ascribe such occurrences simply to the wickedness of a part of the government's officials, a natural product of the atmosphere of continual rape and deception, unseparable from the activity of a government daily and every hour violating man's most natural rights. But the true reason is that such occurrences do happen, and, as it seems, become more frequent every day, lies deeper.

(J.Z.: Compare the forfeiture laws and practices of our time, in which, under the pretence that they would all be associated with outlawed activities, large quantities of cash and other assets are simply confiscated, without a warrant, a court hearing, a sentence and without, in most cases, any opportunity to recover these officially stolen funds and goods. In that respect we have arrived as the Soviet state of affairs! - J.Z., 13.1.03.)

In Russia and, consequently, in all countries under the influence of the Soviets, but also in the minds of most socialists in the whole world, the opinion prevails that the relative freedom in the capitalistic countries is in itself a capitalistic product, essentially restricted to the capitalistic classes. The bad situation of the proletarians is ascribed to the misuse of that freedom by the "ruling classes". (Workers in Russia and many other countries do not know that in England and in the US the workers themselves distinguish sharply between "workers" and "proletarians". Therefore, the authors of the celebrated "Communist Manifesto", published 1847, wrote in sincere conviction:

"May the ruling classes tremble before a communist revolution. The proletarians have nothing to lose than their chains. They have a world to win. Proletarians of all countries, unite!"

The authors (Marx and Engels) were honest enough not to promise the proletarians more **freedom** than they possessed, but merely more wealth.

Very few men, such as Bastiat, 100 years ago, Benjamin R. Tucker, a generation later and, in our days, the editor of THE INDIVIDUALIST, called the workers' attention to the fact that their freedom is by no means zero but great, although not great enough and seems only to be zero because it is not understood by the workers. They appealed to the workers not to abolish their freedom but to extend it and to claim and exercise all liberties that are

until now the privileges of the "ruling classes, managers of Central Banks included, and not to forget the most important liberty, that is, to provide, by means of Free Banking, their own means of payment.

Expressed in other words: They should become independent of the good will and the "economic prudence" of the managers of central banks, likewise of the prevailing monetary theories and also of the hoarding of money by the public.

Few of the contemporaries of Bastiat and Tucker fully understood them. The working classes took no cognizance of their writings. To the extent that they took part in the political and economic activities of their times, the greater part of them followed Marx and Engels, on a path which, inevitably and immediately led to the State (or state of affairs? - J.Z.) now prevailing in the East and producing the reported events.

Marx had the great propagandist advantage to start from popular opinions that are not the result of reflection but of the lack of it and, therefore, are equally to be found in the mind of the masses and of intellectuals of all times and peoples. (Take the number 10 of the demands in the German edition of the Communist Manifesto of 1848:

"All private banks are replaced by a State Bank, whose notes are legal tender. By this measure it is possible to organize the credit in the interest of the whole people and by this the supremacy of the great money lords is undermined. By gradually replacing gold and silver by paper money, the indispensable instrument of internal exchanges is cheapened and thus the opportunity is provided to use gold and silver abroad. Finally, the measure is necessary to bind the interests of the conservative middle classes to the interests of the government."

To frame such a programme, obviously no meditation is required. In his work "Critique of Political Economy", published 1859, Marx does not treat money as a means of social revolution.)

One of the popular opinions from which Marx started was:

"The supply of the economy with means of payment must either be the affair of the government itself or must, at least, be controlled by the government in the most severe manner - - an error hardly less disastrous than the medieval error, that the Heaven punishes the country which leaves heretics unburnt.

If the government or its authorized bank have the monopoly for creating money or putting it into circulation, then hoarding of money is obviously a crime and a very severe one. Under such suppositions it seems quite logical that the government tries to prevent hoarding as effectively as possible. Considering the matter from this point of view, it was also logical that the Supreme Economic Authority of the Eastern Zone ("German Economic Committee", DWK) restricted the amount of cash, which an individual may legally possess, to 600 Eastmarks.

Taking further into consideration, that the greatest part of the working class in the Eastern Zone earns less than 200 EM monthly, the amount of 600 EM seems even liberally proportioned.

Moreover: If the view on the legitimacy of "exclusive currency" (excellent expression of W. B. Greene) is admitted, then the government can hardly be blamed if it enforces the circulation of cash money by all expedients in its power, however they violate the principles of morality, as was the case at Potsdam.

"The welfare of the working class" (to which a continued and sufficient supply with cash does certainly belong) is the first moral principle of State socialism.

"Lack of cash money is the greatest evil which the working class may suffer under" is a second principle and here State socialism and all others do agree.

"For the government and all faithful subjects, it is a right and a duty bring money-hoarders to the punishment they deserve and to treat them as if they had stolen the hoarded money from the working class", is another principle of the socialist State. It follows quite logically from the former.

If one considers, that such principles are not infrequently published in the Eastern press, further, that these principles do essentially agree with the principles of State socialism in all countries, so that the "man in the street" finds no difficulty to believe in them, and further: That only Free Banking Theories - - unknown, of course, in the Eastern Zone - - supplies arguments to objectively and thoroughly criticize the underlying monetary principle, then the officials of the store at Potsdam seem excused. Very probably their conscience was quiet. But to the reader of this little story it must be a hint.

The restriction of the amount of money which a private person may legally possess - - and the methods to enforce the laws about the restriction - - are the last and inevitable consequence of the modern monetary theory and practice. Eastern State Socialists had the courage to enact laws corresponding to their hypotheses. One day Western countries will follow and must follow, if they do not prefer to give the Free Banking principle and practice a chance. And all suppression of personal and political liberty is then also inevitable in the West as it has been in the East. For monetary freedom is the preliminary condition of all other liberties - - a theorem easily to be derived from history, although - - as it seems - - not yet applied as leading principle by our historians.

U. v. Beckerath, 6.III.1949.

U.v. Beckerath,

12. III. 1949 Your letter of 9. III., received today.

Dear Mr. Meulen,

to enter into as many details as possible in all that concerns **Free Banking**, I consider to be my **duty** and to discuss the matter with the man more trained in Free Banking thoughts than any other among our contemporaries, is an honour and, by the way in which he discussed it, it is a pleasure. Therefore, I too will deal with the banking discussion first.

(B. always tended to "butter up" his discussion partners to put them into a more receptive frame of mind. People happen to prefer compliment to insults, no matter how little deserved the former may be and how much the latter may still be under-stated. He often quoted the Arab saying: "With a spoon full of honey you catch more flies than with a bucket full of vinegar!" - Nevertheless, he was so much ahead, in most cases, of his correspondents or discussion partners, that only few were able to fully follow his line of thinking, check it out and adopt it, to the extent that it was correct. To be able to do so, at least to some extent, when I visited him in the evening, often exhausted from work and a long trip across Berlin, the first thing he did, to prop up my mind, was to present me with a mug of steaming and very strong coffee. That perked me up and I became, temporarily, a somewhat worthwhile listener, questioner and objector. But the flow of information was mostly rather one-sided, from him to me. - I wish he could have conducted the kind of seminars among highly intelligent and interested students that were at the disposal of many of the other libertarian great thinkers. Well, he did the best he could - with the limited "material" he had on hand, or through correspondence and a few public meetings. I suppose, that he would be very well known by now if he had had the Internet at his disposal, or many pages in a periodical. - J.Z., 13.1.03.)

Market price of gold metal.

Is it not so in London, that at the same time always **two** bullion prices are quoted - - a price for sellers and a price for buyers? If it is so, then the banker is not able to buy the metal at the same price at which he sells it to his customers.

Further: Perhaps at the bullion market there is a similar usage as at the stock exchanges in the US and in Germany and, probably at others: After each settling of an order of a buyer, the broker raises the price for the next sale by 1/8th % of the nominal value, and after each settling of an order of a seller he lowers the price for the next sale by 1/8th % of the nominal value. I heard from a banker that it is, very difficult and impossible - without some good luck - to buy a thing quoted at the exchange at the same price for which it was sold. In Germany the thing would still be complicated by the exchange tax (Boersen-Umsatz-Steuer). For every sale a tax must be paid - - I forgot the amount - - and by this tax it would be impossible to buy a thing for the same price as the price for which it was sold, even if there were no difference between seeking price and buying price, and the market price would remain unchanged.

But I will not deny the possibility for a well trained banker to reduce the here mentioned charges to a tolerable amount. Yet I am interested in the way **how** he reduces them.

You say: Gold is required only when mutual trust is lacking. In an excellent article in the daily "Der Tagesspiegel" of 22. I. 49, Professor Rittershausen points out, that at the moment the lack of trust is greatest in all that is to be expected' from governments. He reminds the reader of the numerous attacks on the savers' money during the last 6 months, e.g. by compelling the money-owners to bring

his money to a bank, then blocking the account, to replace the money unit by another, a tent in nominal value, and such things of "despotism", as at the time of the German kings, dukes, etc would have been considered as impossible. (Heading of the article: "The bee-folk of the savers." - "Das Bienenvolk der Sparer.")

(Note by J.Z., 13.1.02: The arbitrarily fixed reduction rate in the denomination was only one of the arbitrary features of this "currency reform" but not its worst. E.g., the note issue monopoly and legal tender, i.e., compulsory acceptance and compulsory value, were continued. Moreover, quotas were prescribed for the per-head amounts that people could exchange of the old money for the new money. The official excuse was that the money of speculators, black marketeers and thieves etc. would not be exchanged. As if everyone possessing more of the old money or money claims, than the prescribed quote for him or her, had acquired it dishonestly. Old RM claims, from before the Nazi's inflation, and the subsequent once by the occupation forces, were also reduced at same rate. Thus, for instance, a trust account, towards my further education, that my mother had built up, under great personal sacrifices, over many years, from a very modest salary, was reduced to one tenth as well, although at least her initial contributions to it had a much higher purchasing power. Not that the second "great" currency reform in Germany, that after its re-unification, was any more rightful and sensible. The presently recognized "experts" seem to know nothing about such a rightful and rational currency reform, one in accordance with free market principles and economic rights of individuals and simple honesty and fair play. - As for the above-mentioned article, supposedly by Prof. Heinrich Rittershausen, his second wife told me, after he already had a severe stroke, that this was the one and only article on such matters that she had ever written and got published. To facilitate its publication, it was published under her husband's name, who, at that time, had to support himself and his family as a freelance journalist. As far as I know, she got her economics education largely by typing and re-typing and editing the numerous book manuscripts and articles of Prof. Rittershausen and by being present in many discussions with his friends. - One of R.'s daughters had studied "economics" at one of the post-WW II German universities - but, perhaps because of this, showed no interest in and appreciation of her father's writings. Such is life, all too often. - J.Z., 13.1.03.)

I admit that things are different if the banker has the right to redeem notes, presented to him for redemption, in notes of other banks, considered by the banker and the note-bearer as well-established. In every case notes of the Bank of England would be such notes, also treasury notes. If the banker possesses as many notes as he wants for redemption, in every economically possible case, and the public believes that the banker is so well provided, then the cases, when notes are presented for redemption, will probably be rare and, in every case, tolerable. I do also admit that it would not be required to possess the notes. An agreement with the Bank of England or another well - established bank, whose quality cannot be denied, to furnish the notes, when required, would be sufficient, An option clause would help considerably to diminish the risk for the banker.

Will the banker always be in a situation to **get** enough notes? It does not seem to me to be so self-evident. But my objection is the following:

The supply of the people with typified means of payment should not depend of the willingness of rich people to play the role of a banker. And you will admit that a banker, who will issue notes, by your system, must be very rich, his capital (perhaps borrowed, perhaps his own, perhaps partly borrowed and partly his own) required not being less than the amount of his outstanding notes or a very high percentage of this amount.

Now take countries like India, China, Germany, Poland, Italy and many others. It is not probable that, in these countries, can be found enough rich men to become bankers or to lend to bankers.

The first who create note-issuing banks, will be "intellectuals", authors, intelligent workers or artisans, people who read your book, store-keepers, lawyers and such people. Such people should not be prohibited from creating a note-issuing bank, although they do not possess capital and are not able to borrow capital.

Also, in the mentioned, countries in the months or years after the first establishment of note-issuing banks, neither gold nor notes of acknowledged well-established banks will be obtainable. Nevertheless, Free Banking should be introduced and better today than tomorrow. For countries like England and the US, it may be possible that note-issuing banks, working on the lines of your system, are a severe competition to banks which do not oblige themselves to redeem their notes. - - Perhaps - - but I am not convinced of it. At least in villages and in small towns, banks without redemption and, especially those on a mutual basis, will do their business. That is my opinion, which I cannot prove, the object being a future thing, and I am no prophet. But from the monetary history

of the United States I learned that note-issuing banks in small towns were sometimes protected by the people against persons who tried to embarrass the bank by presenting notes for redemption. The people simply cudgelled them. The inhabitants of the small towns were so well informed that they saw: Note-issuing needs no redemption to function well.

What you say: "People will not accept ... notes ... if there are too few shops where they can spend them" is right. If the community, where the note-issuing institute will operate, does not find men, able to bring together enough shops, where the notes are accepted then the note-issuing will not be possible, however needed it is. It is, a similar situation as with bread. If no bakers exist in the community (and households do not bake their own! - J.Z., 13.1.03.) then the community must do without bread, no matter how much they want it. (Now they can "import" it from the nearest shopping centres or it will be automatically delivered to them, by baker's trucks from larger settlements, upon their standing orders. - J.Z., 13.1.03.)

For a country like India, I estimate that a time of about 30 years will still pass before 3/4 of all its communities, which want a note-issuing institute, will get one. For Germany, I estimate that the time will be 10 years, perhaps even only 6 to 7 years.

(J.Z.: If the issuing technique were made sufficiently known and contrary laws were repealed or could safely be ignored, then the introduction of free banking could be very fast. But that is a VERY great IF! - J.Z., 13.1.03.)

The methods by, which a bank on "my" system (it does not belong to me) ("can be established" - seems to have been omitted here! - J.Z., 13.1.03.) are not so tedious. In times of depression the tradesmen and the storekeepers beg to participate. The agreement, in such times, can be reached in a few minutes, as is reported in a very interesting article in the journal "Sound Currency", published at New York (I had the volumes of 1895 & 1896) by John DeWitt Warner, "The Currency Famine of 1893", where the notes were called "Clearinghouse Certificates" and the institutions simply clearinghouses, to accommodate the bad American paper-money legislation, which since the time of Warner has become still worse. But that should not hinder Americans to be very proud of it and to recommend its imitation.

("Here lies" - he should have added - J.Z.) (**One** of the many causes for which Chiang Kai Shek's China lost the war.)

So much for today.

Very faithfully Yours - signed: U. v. Beckerath.

U. v. Beckerath,

15. III. 1949. Your letter of 9. III.

Dear Mr. Meulen,

if a banker, who desires to attract customers by promising redemption of his notes into gold, promises only 90% of the market price, very probably the customers will be satisfied. In 1844 they would not have been. At that time gold coins circulated. But today they have disappeared and a great part of now living men never saw a gold coin. A redemption provision "90% of the market price" would remove the difficulties I pointed out and would restrain the cases, where customers demand redemption to the cases where:

- 1.) a real distrust against the banker arises,
- 2.) the customer finds himself in a situation, where he cannot use the notes as means of payment. Tax offices, railways, many landlords and foreign merchants probably would not accept notes of a private bank.

My objections are less the technical difficulties. But I think, exchange should not depend upon the wealth of some rich men or the good luck that the bullion market is in order, if it is possible to attain a complete independence of exchange from the wealth of bankers or the real stock of gold at hand.

I must confess that I do not comprehend the connection between the action of a clearinghouse and the time for which the note-issuing bank lends out its notes. I understand that under the redemption system the clearinghouse detects in a very short time whether the bank possesses enough means to redeem its notes as promised. But how should the clearinghouse find out, if a note-issuing bank does business which should be reserved to mortgage banks and similar banking institutes? Perhaps it is explained in your book. But since 1939 I had no possibility to look at

it. In that year, I had to accept a situation which left me no time to read books, and on the 22nd of November 1943 your book burnt together with 3,000 others.

(J.Z.: For once I must side here with Meulen, on a technical aspect of free banking: If other banks had, likewise, confined themselves to liquidifying with their notes only sound and short term claims, arising out of goods already produced and sold, then there should not be many more notes of their own issues in the hands of other sound bankers, than they received themselves of the notes of these other sound bankers. The notes would be exchanged and, roughly, balance each other in their totals. Still unsettled small differences might be largely settled with the next note exchange. Sometimes the once side, then the other, would have a small surplus of notes of the other banks. Each would, so to speak, buy back the own stray notes, quite frequently, if not daily, with the stray notes received from others. Knowing this, they would, mostly, not hesitate at all to accept at par the notes of other sound note-issuing banks. But if a bank over-issued its notes, e.g., by granting long-term loans directly with them, i.e., without involving savings and fixed deposits of their customers or the sale of bank bonds, then the other sound banks would, every day, receive more notes from this unsound bank than the unsound bank can offer notes from sound banks in exchange. That would soon lead to a discount of the notes of the unsound bank by the sound banks and also rapidly to many refusals to accept them at all. If the note exchange is daily then, I believe, Meulen was right when he stated, somewhere, that the clearing house, at least that department of it which mediated the exchange of "stray notes" between the banks of issue, would be among the first (apart from those working in the unsound bank) to notice an over-issue. On the first day there would only be a suspicion that an over-issue might have occurred. But if the un-exchangeable surplus of notes from the unsound bank would go on for a few days, then this suspicion would turn into conviction about what has happened at the unsound bank. So much seems obvious to me, as it appeared to be also to Meulen. - I do not know why Beckerath did not apply his usual comprehension of the free-market rating of notes to the extensive traffic or exchange of notes between note-issuing banks. Only the general exchange for currencies would be in a similar position as an observer, recorder and publiciser of what is happening with the influx and reflux of private notes and would, similarly, express it with discounts and refusals to accept. - J.Z., 13.1.03.)

I consider the issuing of notes first of all from the standpoint of the workers, employed by an employer or organized in cooperatives, who must every week get the means of payment to buy food etc. To supply the workers with means of payment, accepted in stores, should be possible even if no rich men are willing to undertake such a business and if the bullion-market is closed or does not function, for other reasons. In Germany the greatest danger would be the stupidity of the authorities. The authorities are now in many towns again controlled by nazis - formerly organized in the party and others (Tannenbergbund and the 100 little unions still crazier than the Hitlerians). Their mentality is: The use of gold for commercial purposes is a Jewish invention. And all what is Jewish must be prohibited. At first close the gold market! This mentality is by no means restricted to Germany!

(A problem for philosophers: Why is the world so organised that the crazy are always in power and the men of knowledge and logical thinking must obey them? The short interruption of this normal state in the 19th century should not deceive us about what is really normal in history. The Neros, the Pierre d'Amiens, the Svonarola, the Hitler and such people are always the leaders. You and I obey.)

Very truly yours - signed: Bth.

(J.Z.: By then B. had probably not yet been able to read Hayek's chapter on Why the Worst Get to the Top, in "The Road to Serfdom." But at least he should have pointed out here, that the more enlightened, as well as the even less enlightened, are not free to opt out and to do, afterwards, in their own panarchies, their own things for or to themselves, thus getting rid, as far as their own affairs are concerned, of supposedly "great" and popular leaders and their systems. Then only the stupid would have to suffer directly and soon under the stupidities of their leaders, while they would always have right around themselves the successful examples of better systems and would remain free to choose one of them for themselves. Moreover, the "enlightened" were never yet enlightened enough to provide a proper market for their ideas and their services or talents. Directly, they can, obviously, play only a small role in the mass market. But as guardians and practitioner of the best ideas and talents, combined in a special market, they could greatly influence not only their own affairs for the better but also the affairs of everyone else. For all who would seek solutions to remaining

problems would, sooner or later, have to come to them, the only ones who could then offer them, to the extent that they do already exist and have been proven correct. As it is, not even the over 100 libertarian think tanks have so far sufficiently combined and made accessible whatever truths, ideas, opinions, facts, platforms, references and talents they have to offer between them. - J.Z., 13.1.03.

U. v. Beckerath, ...

17. III. 1949. Your letter of 9. III. 49.

Dear Mr. Meulen,

yes - - in the sense in which you use the word "absolute duty", there is no such duty, especially for people who possess no sense for duty, and such people do exist. You and I met them. Every being will act according to its nature. "Knowi Sayton", "recognise yourself" (Know yourself! - ? - J.Z.), is what every one of us wants. But sometimes one does not recognize oneself thoroughly enough. Tiberius, in the last years of his life, was haunted by the ghosts of those he had murdered. (Seeing ghosts means day-drams, as Schopenhauer, in his dissertation on ghosts explained, but this theory is here not interesting.) Suetonius, in his biography of Tiberius, reproduces some letters of T. to the senate, in which he confesses his guilt and the being haunted by ghosts. Tiberius did not know himself enough and did not know that there was more moral sense in him than he believed, when he tortured his friends and others to death.

Nearly the same happened to Theoderic, king of the Ostrogoths. He had murdered his friends and advisors Boethius and Symmachus, in a very cruel manner. But at the end of his life he was, like Tiberius, haunted by the ghosts of the murdered. At a banquet a great fish before him seemed to take the figure of Symmachus and looked at him angrily. The king was so frightened that he had to interrupt the banquet. Gibbon gives details. Theoderic, too, was more just then he believed himself to be.

Genghis Khan had killed about 50 million men. The priest of the Mongols had "revealed" to him, that it must be his "duty" to transform Asia into a pasturage. But at the end of his life he repented his cruelties and promised to rebuild the destroyed towns (which he - - of course - - never did.) He had believed himself a Mongol of average moral disposition, but he was a man of a better nature, but experienced it too late.

Dostoevsky paints, in some of his writings, men who believe that no moral restrictions would exist for them. But they knew themselves not well enough. Raskolnikow breaks down after having committed a robbery with murder. Another, whose name I forgot, who had violated a girl of 12 years, sees, at last, the girl constantly before him, like a spectre. He did not know that such acts were not in his nature, but he knew it when it was too late.

Pirogow, a celebrated Russian physician, vivisected many hundreds or thousands of animals, with all the cruelty of vivisectors at his time. But in the last years of his life the spectres of animals appeared to him. Though he - - as a scientist - - knew, that there are no spectres, the impression was deep and he expressed in his writings repentance and said himself: I did not know that vivisection was not in my nature.

These are extreme cases, and it may be very rare that the true nature of a man, who acted against his nature, reveals himself by the apparition of spectres.

Was Attila a man without a sense of duty? Perhaps, perhaps not. I guess that he felt a strong sense of duty towards his Huns, although not towards other men. In nomad tribes this mentality is often found.

Scientists like Darwin and others say: In the struggle of life those tribes had the best chance among whom there lived the greatest number of individuals with a sense of duty, even if this duty may have been a purely military one. In the early fight of men against mammoth and Ichtyosaurus, men were needed who came to the help of their fellows without regard to their own danger. They must have felt the duty to act so and, very probably, 100,000 years ago such men were numerous.

I agree with what you said in the last section of your letter. Rousseau said, that a country with more than 4 million inhabitants could not be well governed, simply because a government cannot oversee the affairs of more

than 4 million men. The US are better governed than almost all others. Many of the States do not possess more than 4 million inhabitants.

I must close. Cold fingers!!

Very sincerely Yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

18. III. 1949.

Dear Mr. Meulen,

exchange may be subdivided into:

- I.) exchange of present goods against other present goods,
- II.) exchange of present goods against future goods,
- III.) exchange of future goods against other future goods.

If there are present goods but not yet sold or whose economic situation such that their sale is not certain (jewellery, paintings), then, economically, they must be considered as future goods.

Exchange of presently available goods against other ready for sale goods does not require capital, but merely a clearing in any form.

Exchange of presently available goods against other goods, **not** presently available, requires capital, the own or borrowed, whether the goods are future goods or goods that are already in existence but are still to be sold and whose sale is not certain (jewellery, paintings).

Exchange of future goods against other future goods requires at present neither clearing nor capital but only mediation.

- I.) is the domain of note-issuing banks. They clear victuals against labour, barber service against cobbler service.
- II.) is the domain of mortgage banks or commercial banks and of every one who possesses capital in suitable form and is willing to risk it.
- III.) has at the moment no great practical significance, but will one day be a great business. To sell production in advance for a long period, say, some years, will diminish commercial crises and restrict production and selling for the market. Of course, the market will never be wholly eliminated. (Especially not for goods and services that are in regular and daily demand. - J.Z., 14.1.03.)

Here I do not consider case III.), where the dates of exchange differ. That case (III a) is, economically, not different from case II.).

Some say: Also clearing needs capital. The Nazi-Economists pretended that and would forbid any private clearing. They said - - only the State can provide as much capital, as is required to clear, every day, the needed sums. The events of 1945 prevented them from realising this madness. Certainly, if A. owes B. 10,000 dollars, due on 1.4., and B. owes A. 9,000 dollars, also due on the 1. 4., then 9,000 dollars can be cleared on 1. 4. without the aid of any capital.

The technical instrument of clearing, certificates or however they may be named, require no **redemption**. (Neither, obviously, do book accounts or electronic accounts have to be "covered" and "redeemable" for this purpose. - J.Z., 14.1.03.)

Experience shows that under the present currency system, from time to time, all (J.Z.: rather: too much) currency disappears from some economic spheres or even from whole communities, so that e.g., labour against food cannot

be exchanged. In this case it must be permitted to organise on the same day a clearing which makes the exchange possible.

Examples and a short but very good explanation of the here to be applied principles are to be found in an article by of John DeWitt Warner, in volume 1895 (and 1896) of the Journal "Sound Currency", published at New York.

Very truly yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

19. III. 1949.

Dear Mr. Meulen,

the economic importance of **interest** is very considerably overestimated by all elder economists. Modern management science ("Betriebswissenschaft") began to consider the matter from a statistical point of view and found that the importance of interest is restricted to special cases.

For England as well as for the US, it has been calculated that interest contributes no more than about 5% to the national income. (Benjamin R. Tucker, in "Instead of a Book", page 177: "Who is the somebody?", obviously did not know statistics, as we do, about the national income. Thus he placed the interest taker there where Karl Marx had placed the "capitalist".)

The numbers of the income-statistics are propped up by the figures of factory statistics. The interest, that a factory must pay, is about 1 - 2% of the turnover. There were exceptional cases as in the glass industry. The glass works borrowed much capital to procure the new machines invented after WW I. Their interest burden amounted to about 10% of their turnover, but their burden through wages diminished so considerably that the interest-burden was hardly felt.

The well-known tables for compound interest, such as those of Inwood or those of Spitzer-Foerster (Professor Foerster talks of me in the preface of his edition of 1934, in a very flattering manner, which I am immodest enough to mention here),

(J.Z., 14.1.03: Can anyone send me a photocopy of these remarks? I offer Beckerath's three monetary freedom books in exchange, via e-mail, in RTF, to the first one who sends me such a copy, or the text scanned-in and proof-read, in plain text or RTF!)

do teach that, for loans of about 12 years or less, the interest charged to the borrower amounts to less than the terms of repayment and plays, on the whole, a subordinate role.

Monthly rate to repay 100.000 money units by 60 monthly rates,
when 1/4 % monthly is charged for the not yet repaid part of the loan = 1797 units
at 1/3 % = 1842 units
& at 1/2 % = 1933 units.

Proudhon and even the much better informed Tucker raised, as the most heave objection against the monopoly for note-issue, the high interest which the monopolist was able to charge. But even in the case of a complete monopoly, the interest (discount for bills) is not so high and surpasses seldom 1/2% monthly, and amounts in England, sometimes for many months, not 1/4 % monthly. The harm caused by the monopoly for note issues is of another kind and it is still much greater than the elder theorists presumed it to be, so it seems to me advisable to eliminate the interest question entirely from the public discussion about the theory of Free Banking.

Proudhon spoke much of **mutual** credit and demanded that such credit should be gratis. What he meant by mutual credit is simply "clearing", whose theory and practice at that time were not yet developed, so that even a good terminology was missing. (Jevons tells us in his admirable "Money" - - burned at the 23.11.1942) (I thought it was 1943! A typo? - J.Z.) - - that the wholesale-merchants of Birmingham, still in 1870, believed clearing to be a quite unsound and dangerous kind of payment. They sent every day a messenger with notes to Liverpool, to pay there in cash.)

My understanding is, that the credit granted by a note-issuing bank is, essentially, a **clearing** (Please compare Bill IV of the "Four Bills") and that, in order to **remain** an act of clearing, it must be equipped with a **high** interest. A high interest rate induces the borrower to repay the credit as quickly as possible. That means here, the notes issued are quickly drawn out of circulation. So they do not lose their true nature and do not degenerate into interest-less bills of exchange. Their true nature is that of **cheques**, to be made good by clearing. (The term

"Verrechnungsscheck" (Literally: "clearing-cheque" - J.Z., 14.1.03) is quite unknown in English banking business, but very well known in Germany and other countries.)

Credit is the only legal form of an economic procedure for which the adequate legal form has still to be created.

In the explanation to the "Four Bills", provided by **Zander**, the matter is well pointed out. I regret that this explanation is not translated into English.

Very truly Yours - signed: U. v. Beckerath.

The most natural way would be to divide the returns from interest from time to time among the borrowers, by a scheme similar to that by which insurance companies divide their surplus among their insured. For mutual banks of issue such a procedure would be the most natural, but for other banks of issue it would be possible. The dividing of the surplus was for a long time confined to insurance companies on a mutual basis. But later the joint stock companies found methods to let their insured participate.

In the case of note-issuing banks, the effect would be that borrowers, who repay their loan quickly, get more in "borrower's dividend" than they paid in interest. Those borrowers, who delay the repayment will pay more interest than they get in "borrower's dividend". For most of the borrowers the effect would be that they pay "net" (difference between interest and "borrower's dividend") about the administration cost of the bank, probably about 2% p.a.

If the credit is really mutual, in the sense of Proudhon, then it is the same, whether it is gratis or is charged with an interest of any amount.

Bth.

19. III. 1949.

Dear Mr. Meulen,

in "The Individualist" of February 1948 you express your opinion that sickness insurance is too dear. You are quite right, the matter considered from an economic standpoint, although the premiums are exactly computed by the actuaries.

In the year 1935 there were in the public health insurance in Germany on 100 members 184,6 cases of claims for sickness expenses + 40,5 accident cases. But often people do not document the average risk of the insured (which in England will not be very different from that in Germany). E.g., most people do not have the mentality to claim indemnification for small expenses. Also their risk to get sick (I suppose, that of the uninsured. - J.Z.) is considerably less than that of the average insured. For these people a kind of insurance would be suitable in which, in case of sickness, the following would be granted:

About 80 % of the expenses occurring in (say) 90 subsequent days, insofar as the expenses surpass (exceed? - J.Z.) about one month's income, the latter perhaps fixed as a multiple of the premium.

The premium would be much less than 1/4 of the premium charged now.

Very truly Yours - signed: U. v. Beckerath.

(J.Z.: Many years ago, I noticed some private health and accident insurance companies here offering, **very** cheaply, an insurance against catastrophic health costs only, those exceeding e.g. \$ 2,000 per year. All expenses up to that amount the insured are supposed to be able to cover themselves, especially if they do earn a normal income. That kind of insurance would have suited me much more than compulsory and rather expensive health insurance premiums to cover every health risk. - J.Z., 14.1.03.)

21 III. 1949.

Dear Mr. Meulen,

every one of us experienced cases where a man performed a duty although it was in every respect against his interest to do so, and you and I saw or heard of such cases in the war, where a man preferred death to a neglect of

his duty, although, obviously, in his case he did not have to fear a court-martial. Now Kant asks: How are such cases to be explained? Were the men crazy, so to neglect their own advantage? Was their motive a kind of superstition ?

In this way Kant approached the problem, departing from experience, and tries to detect, what kind of motives may have worked in these cases, unconsciously or consciously.

The problem cannot be solved by starting from the history of the sense of duty, however interesting and important this history may be.

A second problem arises at once: Why did the sense of duty developed in men (in some men), in dogs (in many dogs), in storks, in elephants, camels and certainly also in other animals? And why did this sense not develop in so well organised and gregariously living animals as horned cattle, herrings and flies? The element which enabled the animal to become a moral being must be detected and I think that Kant discovered it.

(Perhaps I do underestimate horned cattle. Some observers assert that the great herds in South America are protected by bulls whose sense of duty is not inferior, they say, to that of any sentinel in any human army. If a puma is smelled and the beast which smelled it gives the signal, then the sentinel bulls at once advance to the spot where the puma is expected to be found and kill it, if it does not retire in time. But - - it is said - - many bulls (not the sentinels) flee at once when they hear the roaring of a puma or smell it. Obviously, there is no sense of duty in them.)

Very truly yours - signed: U. von Beckerath.

U. v. Beckerath, ...

22. III. 1949. Your letter of 20.cr.

Dear Mr. Meulen,

you write: "There Is still great bitterness here against Germans on account of the revelations of the terrible conditions in the Concentration Camps."

If the bitterness is felt against those men and women who are responsible for these conditions, it is just and should never be extinguished. But it is felt also against those who pondered on ways and means to act anyway, to help the victims, to remove a government that creates such conditions, to remove it in any way, by murder, by revolution or in other ways, it is most unjust. But we corresponded already on "collective responsibility". You know of the beginning of the revolt at Haiti. The war-cry of the rising Negro-slaves was: "The whites killed Jesus Christ - - let us kill the whites!" And to retaliate for the long sufferings of Jesus Christ at the cross, they tugged the whites through the sugar-mills. Collective responsibility!!

You write further: The question is: How much did the educated Germans know of these things going on?"

(J.Z.: Even if they knew of the enormous crimes committed by their government and its supporters, what could they do in the positions they found themselves in? In which country are the people sufficiently prepared to overthrow a tyrannical government and to bring its fanatics to justice? Knowledge of a great wrong is rather useless without the knowledge on how to effectively and fast end it. Anarchists and libertarians know that - about many existing wrongs and they "battled" them, in one way or the other, for a long time - and, largely, in vain! - J.Z., 14.1.03.)

You will understand that I must here judge from my own restricted experience. I estimate that about 50% did not believe in such conditions, and a great number, whose percentage I dare not estimate, does not even believe it today. Among the workers it may have been the same.

You ask: Did **you** know that men were being starved and gassed in these camps?"

What I knew already in 1933 is that the starved and gassed were the happier part. Where the men (but by no means only the men, also very many women and children) were **gassed**, there was still a small remnant of humanity in the soul of the commander. Gassing kills without much pain and perhaps without pain at all, so that the inhabitants of a fugitive camp in Bavaria, some weeks ago, earnestly demanded to be gassed, to end their sufferings. But read the old stories of mediaeval torturing or the description of torturing in the 1600 still existing "old style" prisons in China, or the procedures of the GPU in Russia or the police tortures in Christian Poland (now replaced by those of

the GPU - - now named NKWD), then you know what happened, very probably, much more than 100, 000 cases in the camps, in the cellars of the Columbus-House in Berlin, etc.

I succeeded in bringing together a small group of men, like the young son of the count Ballestrem, formerly president of the Reichstag. The young Ballestrem was in 1933 occupied at the ministry for foreign affairs and was one of the most noble hearts I ever found and of an intelligence worth the traditions of his house. Our standpoint was: Germany is now occupied by a horde of Huns, she lost her freedom for at least one generation, a revolution is impossible, the army being on Hitler's side (although with **very** great reluctance), that we must try to change the masters. At last we agreed that if **one** regiment of the **Austrian** Army would have courage enough to cross the frontier and proclaim at the same time an impressive social programme, then, very probably, a large part of the German army would join and certainly a very large part of the civilian people. Ballestrem talked at Vienna with persons of influence, but was obviously betrayed. One day his corpse was found in the Danube. The plan was given up.

Then plans followed to talk with persons at London, Paris, etc. You know what aims these persons pursued. They agreed with Hitler, concluded treaties with him and many found, he was not so bad as the German opposition had represented him. And yet the Chamberlain, the Halifax, the Blum, and the Spaak must have known what happened every day in the concentration camps. Their treaties with Hitler contributed much to paralyse the resistance groups like ours. (In Germany there were thousands of such groups.)

At last we conceded to the hints of the communists in our group, and were ready to expel the devil by Beelzebub and to try it with Stalin. And what did the champion of the world's proletariat do? He, too, concluded a treaty with Hitler.

Today I am convinced that all persons here named were quite indifferent to the fate of the prisoners in the camps. (J.Z.: Too many people still consider such mass murders and crimes to be merely "internal affairs" of the "nations", not even the governments concerned. M., too, in other passages, was inclined that way. - J.Z., 22.5.03.)

All of us were convinced that the war was on the way. Here in Berlin we saw the preparations every day. We saw that we must, in some way, consider the possibility of a war. In the weeks before **Zander** emigrated, we talked sometimes about the problem. We worked out a program on about the following lines: The emigrated Jews should use their influence and should try to form a kind of exile- government. At the day of the outbreak of the war,

(J.Z.: Later B. recognized that that day would have been much too late for such an appeal. It should have been made, in a quite trustworthy form, years before the war and every German soldier and officer should have come to know exclusively rightful war and peace aims of the Western Allies and of their own and multiple governments in exile, all only for volunteer communities. Alas, those who escaped the Nazis were at first interned, as if they were Nazis themselves! - J.Z., 14.1.03.)

the exile government should appeal to the German army, not to fight for such a government as that of Hitler. All German soldiers were to be invited to come over to the lines of the British, etc., where they would not be treated as prisoners but as foreigners, who were, for some days, forced to bear arms against the Allies. Every rifle should be paid with A dollars, every aeroplane with B dollars, every gun with C dollars, etc.

The men could then emigrate to the USA or work in British ammunition factories, as they choose.

Zander conceived fully the importance of the plan and promised us to do anything to bring it to the knowledge of persons of influence in England.

Meanwhile - - no - - now I remember - - it was in the year 1939 - - I received the visit of the son of Follin, my old friend (who knows **you** well) a man as good as his father. I reported to him our plan. He thought the plan was worthless. No Frenchman, no Englishman, etc. would agree to treat German soldiers as well as we demanded. The "nation" would demand their treatment as prisoners, even if, by the prospect of such a treatment, not a single German soldier would come over to the Allies. Now I know that the young Follin was absolutely in the right.

Now we did nothing and confined ourselves to continue in working out our reform plans, among which Free Banking (Bill IV of the "Four Bills"), was - - for us - - important.

What concerns the plan, I derive from a passage at Kong Fu Tse, that the old king W e n of China used such methods and by these methods built up a great empire with trifling war losses.

In 1944 we succeeded in getting a connection to a group of officers, determined to kill Hitler. Rittershausen, who was pretty active at that time, won over the count Yorck von Wartenberg and other high officials at the Price Control Office, but the thing was discovered, the Count Yorck was executed, in a cruel manner and also the former Price Commissioner Goerdeler. I still do not know today where some others ended up, after the Gestapo arrested them.

Very truly Yours - signed: U. v. Beckerath.

(B. told me that a former pupil of Prof. Rittershausen, then at the legal staff of the "people's court", conducting the show trial against the "conspirators" of the 20th of July, 1944 (whose the tyrannicide attempt against Hitler failed, which was to have been the general signal for a military putsch, and also their take-over attempt of the military headquarters in Berlin), managed to destroy the files of members of the associated resistance groups, especially those of Rittershausen and of Beckerath, so that both survived. Another, about 5,000, perished. I believe that two members of the group of 7, who had drafted the Four Bills, had already previously been murdered by the Nazis in concentration camps: Meis and Unger. Even now I don't know further details. Neither resistance acts nor a revolution nor a military insurrection are easy to arrange under a terror regime, unless such acts are very well prepared, thought through and organized beforehand. Against insufficiently informed, prepared, trained, armed and organized people the terror regimes are often all too successful, for all too long. The technological details of establishing and maintaining such a terror regime are well known. This has become a "science". Effective resistance against them has not yet been similarly studied. The same applies to war-making as against peace-making. Even libertarians have so far not bothered, to my knowledge, to work out the details for such a programme. I tried, in my two peace books, now online and accessible through either www.exterritorial.info or www.panarchism.info - J.Z., 13.1.03.)

U. v. Beckerath, ...

23. III. 1949.

Your letter of 20. III.

Dear Mr. Meulen,

many thanks for your communication about the deposit-business of note-issuing banks. It seems I overestimated the deposit-business.

What concerns the remarks of Huebner, it may be that he simply said: The deposit-business gave an opportunity to win what was lost by the Act of 1844. That would not be contradictory to your communication.

Is that the **main** question: Which type of bank is easiest to establish?

A bank of your type can easily be started, even in times of prosperity, where the whole world is in possession of means of payment. A few days after it is started, it will have its borrowers and the public will accept the notes as long as it is convinced of their convertibility into gold or into notes of other and well-established banks. To make it **still** easier to establish a bank, even if this may be technically possible, is not needed.

During the great money-crisis of 1893 in the US (and certainly also in former crises and also later, also 1907) banks of "my" type were started often in less than one day and, sometimes, within a few minutes. In times of less acute money famine, this would not have been possible.

In the year 1928, in Germany, the amount of wages was 42.5 milliards of goldmark.

For a month the amount was about 3.5 milliards of goldmark. If a bank of your type would furnish these 3.5 milliards in their notes, the notes must be backed by about the same amount of gold or of notes of well established banks. (If the cover is in gold coins, or good notes of other banks, that would otherwise circulate, then, to that extent, the circulation would be reduced by this procedure! - J.Z., 14.1.03.) Even in the year 1928, the best of ever reported by German economic history, that would have been - - so I think - - impossible. The richest men would then not have been able to bring such an amount together.

By banks of my type it would have been possible. The Professor Hirsch estimated at that time (a little after 1928, if my memory does not deceive me), that the amount of commodities in the stores, ready for sale, was about 30 milliards. Of that amount must be deducted, for the purpose of our investigation, the value of jewels, paintings etc. The remainder would have been great enough to "cover" the certificates of banks of "my" type.

The best time to start banks of my type would be the time of a crisis. To start at such a time a bank of your type would be, technically, possible; but would it be the best time?

You are right: Shopkeepers will be more willing to accept notes of your type. But more important seems to be what kind of notes they will accept if they have to choose between nothing to sell or to accept irredeemable private notes. And if the shopkeeper is a borrower of the bank of my type or if he is the borrower of a borrower (borrower of second order) then the acceptance is no burden for him and no risk. He can, at the same day or the next, repay by the certificates a part of his debt. A shopkeeper, who is a borrower of any order and refuses the acceptance of the certificates, violates the provisions of the bank and pays a penalty for the non-fulfilment of the contract, high enough to take from him every temptation to repeat it.

(If he is the member of a cooperative bank of issue, established by the shops of a shopping centre, largely to promote their sales, through short term loans to employers, for wage payments, then he will be very interested to accept the notes of his coop bank, at least to the extent that he has goods or services for sale! - J.Z., 14.1.03.)

I trust in contracts in case there is a good administration of justice in a country. In monetary affairs **that** kind of trust is the most important. The shopkeeper must have it. If the public loses its trust - - the word taken in its usual, moral sense - - then nothing more happens than that all note-bearers will rush into the shops, bringing their notes, certificates, or however these papers are called, buying as much as possible with them, and, instead of a crisis, a boom occurs.

All inconveniences are counterbalanced by **this** characteristic.

The application of the system to foreign trade is possible.

Suppose a shopkeeper accepted notes from a bank of my type for an amount of L 1,000. He is no borrower of the bank. He sends the note to the bank and gets a certificate in which the bank assures that he, who presents it, can get L 1,000 in notes. Has such a certificate not value at all factories in connection with the bank and which are accustomed to pay the wages or part of the wages in notes of the bank? Certainly, they have a value very near at par, say 99 1/2 %.

If that is admitted, then it follows that such certificates keep their value at exchanges abroad, in the case of Germany at Brussels, at Amsterdam and probably also at Paris. Everyone who has to pay a German creditor will buy the certificates. For the German creditor it will be no problem to sell the certificates to one of the mentioned factories.

The profit of **my** bank is all the greater, the more rapidly the notes return to the bank. At once the bank can issue new notes and grant new loans.

You say on redemption: "... wherever it was allowed to develop without State interference, it adapted itself beautifully to the state of mutual trust, and was of vast benefit."

But the **main** interference of the State was, apart from acts like that of 1844, to compel the banks to keep a high cash reserve, that is to do, what you demand.

Buying and selling price of gold. I accept your objection.

The case where no rich man is available (as the development of mutual savings banks and savings and loan banks on a mutual basis proves) and trust among the poor people is great enough, is exactly the case of Germany and many other countries. Even India and China are not at the hopeful beginning of such a movement.

You think - - what is natural and well-done - - first of all of England and there, in the first place of London. But Free Banking is destined for all countries with monetary calamities, that is, more than 9/10th of the world.

In Germany there is now a deep **distrust** against rich men in general. The crisis of 1932 is not yet forgotten. Also, some of the rich men, and just those most mentioned, were allies of Hitler. The people will have nothing to do with such rich men.

Very truly yours - signed: U. v. Beckerath.

23. III. 49.

From the German Statistical Yearbook for 1937 I take the following figures:

Number of "Kreditgenossenschaften" (credit cooperatives) in Germany,

1933 = 21,056
 1934 = 20,564
 1935 = 20,230
 1936 = 19,960

The Nazis were not friends of the cooperatives; they tried to replace their business by that of the banks, from their standpoint quite rightly, seeing that they had many friends among the bankers but very few among the cooperatives.

Reporting cooperatives, whose central was Deutscher Genossenschaftsverband (Union of German Cooperatives)

Year	Number	Members	Turnover in Millions of Marks
1913	1,493	815,065	22,172.2
1933	1,307	1,111,508	26,953.4
1934	1,310	1,116,916	29,043.0
1935	1,318	1,162,787	32,148.? (Punched out! - J.Z.)
1936	1,341	1,202,578	37,012,0

Reichsverband der deutschen landwirtschaftlichen Genossenschaften, System Raiffeisen
 (Agricultural German Cooperatives, System Raiffeisen)

1913	16,007	1,588,381	7,093.0
1933	18,852	1,924,266	11,706.6
1934	18,906	2,015,560	13,298.1
1935	18,880	2,010,882	14,789.0

I take the numbers from the yearbook as they stand there, without the explanations about the small differences in the sums of the figures of the cooperatives. The principles of the "Statistisches Reichsamt" and the Unions of the Cooperatives in framing the numbers were not quite the same.

You see, the credit on a mutual basis played a great role in Germany, probably very much greater than the credit of rich private bankers. For Germany the mutual basis for **note-issuing** banking would be quite natural and the way of least resistance in starting note-issuing banks. The Yearbook does not contain statistics about private bankers.

Private bankers showed themselves so blocked, so "cautious", so unwilling to accommodate their business to the new conditions of the economy, that long before the first world war they were eliminated.

Bth.

The gradual replacement of the private banker by other banking firms, joint stock companies, public banks and mutual banks, was a silent but great social revolution, whose history is still to be written. The fact that poor people more and more gained trust in their own institutions is of the greatest social and economical importance. The movement is by no means restricted to Germany. In India also the mutual banks begin to do business which the "Zemindars" dare not to tackle. They are too "cautious".

An effect of the new Mutualism is that the rich people are less hated than considered with contempt. When the Russians came to Germany, they did not understand that and do still not understand it today.

Bth.

U. v. Beckerath, ...

25. III. 1949.

Dear Mr. Meulen,

"Who is the somebody?" asked Benjamin R. **Tucker** ("Instead of a Book", page 177.)

In times where money is hoarded, the people are not conceded the right to create their own means of exchange by free banking. Then takes place a reckless fight of the owners of goods, one against all others, for the customer who is under suspicion of still possessing some money. As all other wars, this fight **costs** something. In times of a crisis

the costs are much higher than the employer's profit and are the highest item in all production plans. The "somebody" is then the agent, the sub-agent, the agent of the third class, etc., all men who try to sell the commodities, however hard their task may be. Tucker did not take that sufficiently into consideration, although this might have added some very powerful arguments for the indispensability of Free Banking.

The present monetary system in all countries of the world extorts precisely then exaggerated sales costs when there is a boom, which was the case in 1938 in Germany. It was a boom considered from the standpoint of the shopkeeper, whose stocks quickly disappeared from the shelves. From all other standpoints it was simply a lack of supply. The conversion of industry to war industry was already in full swing in 1938.

swing. Nevertheless, the sales costs were so high in this year, that they would have been sufficient to raise wages by more than 50 %.

If the production is financed by Free Banking, as a mediator between capital and last consumer (not simply by note-issuing, like the printing of the Assignats financed the government) and its production is ordered for some months in advance, then selling costs will be a trifling item.

In a book which I bought during the currency reform, for the purpose of not losing too much (always buy then, never save!) I found the here enclosed table. I think the table is interesting,

Very truly Yours - signed: U. v. Beckerath.

Standard Figures for Industry.

Professor Julius Hirsch, Copenhagen, 1940, Table 32

All Costs arranged by Production and Selling Costs in 10 Branches of German Industry, 1938. (Kuespert, Industrielle Vertriebskosten, No. 601 of the Publications of the Reichskuratorium fuer Wirtschaftlichkeit, Stuttgart, 1938.)

Branch of Industry	Production Costs		
	Materials	Wages	Overhead Production Costs
	in % of total costs		
Photographic Films Industry (Films only)	33	6	21
Stationery Industry	32	8	19
Meat Industry	71	4	11
Fat Distilleries	87	2	5
Seal Making	25	50	
Gum Manufacturers	50	10	17
Hosiery Industry	49	14	21
Tin Toy Industry	53	19	17
Metal Engravers	20	26	34
Military Passementarie (? J.Z.)	40	22	22
Average	46.1	(12.4) 32,9	(18.5)

	Selling Costs	Total Costs	Selling Costs in % of Margin for Value Added by Manufacture
Photographic Films	40	100	70
Stationery	41	100	56.1
Meat	14	100	44.4
Fat	6	100	42.6
Seal	25	100	37.2
Gum	23	100	37.1
Hosiery	16	100	31.4
Tin Toys	11	100	25.0
Metal Engravers	20	100	24.1

Mil. Passem.	16	100	19.6
Average	21	100	38.7

Bth.
25. III. 1949

U. v. Beckerath,

25. III. 1949.

Dear Mr. Meulen,

it seems, no socialist or liberal Party until now proclaimed the simple demand: A man should have the possibility to live without a special permission of an employer, an authority, a labour office, a housing office, a party, a church, etc.

One of the necessities of living is the ability to **pay**, which should be no less guaranteed than life itself. Until now only the Free Banking advocates conceived this simple truth.

Monopoly of the means of payment is no less tyranny than any other. Morally equal to monopoly is a prescription that ties the possibility of creating means of payment to conditions such as to keep in stock a hoard of gold coins to redeem the created means of payment on demand. If a banker voluntarily promises to fulfil such a condition he may do so, if he is able to fulfil what he promises, but as prescription the condition is tyrannical.

My aim has been to enable the active part of the people to get new means of payment by own actions if a currency famine threatens personal and political liberty and, by this, life itself. (That it regularly does, although this effect of a currency famine has still now not been acknowledged.).

If the necessity of creating new means of payment arises from one day to the other (look at John DeWitt Warner's dissertation "The currency famine of 1893", in the journal "Sound Currency") than possibility to honestly promise redemption in gold or other paper money is not given. The possibility of creating irredeemable emergency money must therefore be an aim of everyone who wishes so much liberty for individuals as can be technically provided - - so I thought and I demanded it in my books.

But the permission to create emergency money is not sufficient to prevent a **crisis**. Such a prevention needs a second possibility, which I beg to point out.

Sometimes simple workers were authors of great inventions. Potter, a boy of 15, invented the valve gear (selbstaendige Steuerung) of the steam engines. He used twine instead of rods, but he forced the machine itself to regulate the condensing of the steam, what otherwise he had to do by hundreds or thousands of manipulations a day. Potter went to his comrades to play with them. Of course - - after his invention and absence was detected, he got beaten - - the usual kind of reward of humanity for its benefactors.

Another benefactor - - that is my opinion - - is the unknown worker who wrote to Robert Owen, that his system would be imperfect if not all men ordered their requirements for a long time in advance. He asserted that a commercial crisis would be impossible if all men ordered all that, which they must buy in the course of - - say, a year, in advance, at the stores where they usually bought. He asserted that by such advance orders industry would have a sufficient stock of orders, so that no worker must ever be dismissed for lack of orders.

I think that this worker was right in principle. Owen - - I read - - printed his letter in the "Crisis", but he did not take into consideration that after production was finished there must be means of payment to buy the products. But even intelligent men cannot foresee all necessities at once.

On some points this unknown worker went too far. A year is too long a time. Further, it will, probably, be sufficient if some 100,000 order their supplies in order to provide work for millions.

In my article on Milhaud's proposals, I have said more about it.

Very truly yours - signed: U. v. Beckerath.

(Not required is such an order system for consumer goods and services that are in daily demand - if only the consumers are sufficiently supplied with means of exchange, and this these suppliers, between them, could easily arrange, in their own interest, liquidifying the "shop foundation" that they do offer between them, by means of the issue of goods and service vouchers, in money denominations, lent on short terms to employers, so that the employers could pay wages and salaries with them. Alternatively, the means of payment issued, utilised and streaming back to the shops would be account credits at a local shop association bank. Then advance orders for such goods would not be required, since then this demand and these sales would practically be guaranteed, in the same way as offered and accepted tickets guarantee the sale of the performances offered with the tickets. But goods and services that cannot be as easily and regularly sold, if the currency supply is competitive, as such consumer goods and services, can be safely sold upon advance orders, while, otherwise, they could be produced only be produced speculatively, i.e. for an uncertain market, one that depended, e.g., upon "fashions". - J.Z., 15.1.03.)

U. v. Beckerath, ...

26. III. 1949.

Dear Mr. Meulen,

Benjamin R. Tucker was in the right, on all points that he dealt with, in his discussions with Henry George, but nevertheless, my impression is, he treated him too harshly.

George considered the government as the natural trustee of the people. This belief he shares with more than 99.9% of all men. Tucker belonged to the less than 0.1 % who do **not** believe that: He was a profound thinker - - much more so than George was - - but he treated George in a way as if the non-statist product of Tucker's own thinking (certainly one of the most important that a human brain has ever produced - - oh, I say brain - - in this case **Vauvenargue's** word is to be applied: "Les grande pensées viennent du coeur" ("The great thoughts come from the heart") were quite self-evident. (Instead of a Book, page 353 and others.)

George's standpoint at this time was only discussed by Benjamin R. Tucker and the Anarchists. This standpoint is still the never discussed basis of all politics, Bolshevist politics, liberal politics and any other. An error so widely spread, cannot be used to reproach a man as it if were **his** individual error and one cannot say to him: A little more logical thinking and you would have avoided the error.

At page 126 Tucker cites a passage where George pronounced himself as an adherent of free banking and, nevertheless, as an adherent of government money. I assume that George understood nothing of monetary history and really did not know that note-issuing was an essential part of **banking** in England and the US. At his time this fact was already forgotten to such a degree, that the "man in the street" certainly did not combine the notions of "note-issuing" and "business of a banker", just as today he does not combine the two notions in colloquial speech. I think it possible, that George meant merely "deposit-banking".

That delivering up money-production to individuals can never man an inflation and, in the whole, is far superior to money production by the State, that is a truth, newly discovered by Tucker but quite forgotten by the best economists with such rare and astonishing exceptions as the author of "Free Banking", W. B. Greene and **very** few others.

In all what concerns the role of money and means of payment, George was a "man of the street", however brilliant an author he was in other respects.

I think it possible that George, if directed to his errors in a kind way, would have become an adherent of Free Banking. But always attacked by Free Banking advocates and represented as illogical and even as a juggler, he did, quite naturally, become an adversary. From the writings of George I won the impression that he sincerely sought truth and that his mind was liberal.

Very truly yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

30. III. 1949.

Dear Mr. Meulen,

there are many kinds of **interest** in the economy, reward for waiting, compensation for risk, etc., but - - in my opinion - - the most important in that kind of interest which represents the share of the lender in the product, produced by the borrower with the lender's capital.

Apparently, there still does not exist, as yet, an investigation about the average rate that capital produces in a year. Rittershausen tried an estimate in the year 1928. He found that in the factories and in the agricultural estates, where we can get an insight, the percentage was at least 30 %. By this number it was at once clear, that an interest of 8%, which at that time was usual, still left a considerable amount to the debtor, so that it was profitable to lend at 8 % p.a. We found some cases where a capital produced in every year its own amount. Some meadows at the Havel were worthless because they were inundated every year. Then the owner borrowed several thousand marks to embank the meadows. The effect was an annual gain of the same several thousand marks which he had borrowed. The interest he paid was no more than about 8 % p.a.

In the present state of the economy the cases where a capital produces 30 % p.a., or much more, will be numerous, not only in Germany and other countries destroyed by the war (Poland, Italy, Greece), but also in England, I think. **But** if interest and repayment of capital must be provided in exclusive currency, then the trouble of the borrower, to **get** the exclusive currency will, in many cases, be so great, that he cannot pay more interest than the low percentages usual in the last two centuries.

Justinian, in his Corpus Juris, limited the annual interest to 6%, but he permitted to take from peasants 30 %, if capital and interest were not to be returned to the creditor in money but in goods. Many lawyers in our days do not understand this wise and just provision. 30 % in goods are, for the peasant, a lighter burden than 6 % in money.

Free Banking can help the debtor to stand so as if he paid with his own product instead of with cash (exclusive currency.) Therefore, I expect, after the introduction of Free Banking, a rise in interest - in all cases where neither the interest need paid nor the capital returned in coins or notes of a bank like the Bank of England.

A very high interest of that kind enables the working classes to get a superannuation at the age of 55 or at a younger age.

A worker, who will get 10, 000 Dollars after 300 months, must pay monthly \$ 22.42 if an interest of 1/4 % monthly is granted. He needs to pay \$ 10.51 if an interest of 2/3 % monthly is granted. Most American workers are able to pay \$ 10.51 a month. (At 3/4 % monthly the contribution would be \$ 8.92.)

Very truly Yours - signed: U. v. Beckerath.

(A few years later, he produced a table indicating how small the annual contributions to old age insurance could become, or how large the old age pension, if the premiums were calculated upon the supposition that they would be invested productively at 15%, credit-insured, safe from inflation, investment regulations, taxation and other confiscations by the government. These figures are truly astonishing and indicate that a man, with moderate contributions during a working life of 40 years, could, at the end, be a multi-millionaire, if his total income from his thus achieved old age pension over 20 years were capitalised. I would expect something like a revolution to occur in most countries once its people become aware that governments prevent them from thus becoming multi-millionaires by their own labours! Until the appearance of microfilm, floppy disks, websites, e-mail and CD-ROMs there was in practice, no opportunity for him or for me to get such facts published anywhere. And even after they are published, the insufficiently informed would mostly merely raise the old objection: "Usury", although the debtor of these productive investments would, in most cases, also gain 15% p. a., if not more. Rightful and rational thinking is all too rare. - PIOT, 15.1.2003.)

U. v. Beckerath, ...

1. IV. 1949.

Dear Mr. Meulen,

in his considerations on the **cost principle** Benjamin R. Tucker did not distinguish between:

- 1.) costs involved in the production of any commodity now ready for sale, and
- 2.) costs occurring for future production.

Jevons, in his considerations on value emphasises that the value of all things is necessarily determined by the future costs of production of similar things. Example: A commodity X is ready for sale and required 10 hours of labour for its production. At the day when the commodity is ready for sale, an invention is published by which the

same commodity may be produced by an expense of 1 hour. Then this commodity can no more be sold so that the really applied 10 hours are compensated. The difference is a loss for the producer.

Jevons derives from this simple but profound (although by no means new) consideration the economic impossibility of the State socialist's "labour money", calling attention to the fact that in a even in a non- progressive society the conditions of production (just like all other things in the world) never remain the same: They become easier or more difficult.

I think that a synthesis of the two principles - - that of Tucker-Warren and that of Jevons - - is possible. If production is sold in advance - - say: in the average the production of 6 months or, at least 3 months - - then the producer gets his really applied costs so as Warren and Tucker demand it. On the other hand, the economic possibilities for Jevons' principle are given at a measure sufficient from an economic and even from a moral point of view.

You know the selling by applying an option. A gilt-edged paper or a share is sold on 11. IV. 1949 for a price of 100, so that this paper is to be delivered on 1.V.1949 and paid for at the same date. The seller may agree on an option of 1% if he decides, on the 1.V.1949 to keep the paper, after all, in his portfolio and the buyer may also agree to an option, perhaps likewise at 1 % (or less or more) if he decides cancel the purchase.

This kind of buying and selling should be applied as widely as possible. For Germany, whose production in 1928 was estimated at about 7 or 8 milliards of gold-mark monthly (average), I would think it natural to sell about 3 milliards at an option of 3% for 3 months, in the average. (I think about 1 milliard for 1 month with an option of 1% and 1/2 milliard for 6 months, with an option of 6%, the rest of 1 1/2 milliard for a time between 1 months and 6 months.)

A great part of the production, such as coal, victuals and many other commodities do not need an agreement in order to be sold with 100% certainty. A better connoisseur of political economy would propose other figures.

To introduce the system into the habits of the working classes (not only factory workers) I would say: Workers, why not keenly use the economic methods that were until now restricted to the class of the rich people?

Very truly yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

4. 4. 1949. Your letter of 1.4., received to-day.

Dear Mr. Meulen,

with the greatest pleasure I learn from Your letter that

a.) a copy of "Free Banking",

b.) an abridged Indian edition of "Mutual Banking"

are on the way to me.

Many, many thanks. That the cow-worshippers were able to **abridge** such a work as "Mutual Banking" will be presented by future historians as a severe objection against Indian mentality, and the historians will be in the right.

(Note by J.Z., 15.1.03: Not all Indians are cow-worshippers. An "Indian" mentality exists no more than an English or a German one. That this edition by an Indian libertarian organisation was somehow abridged was only brought to my attention by this letter. Alas, even the 1875 edition - reprinted by Hyperion Press in 1975, of Greene's "Socialistic, Communistic, and Financial Fragments", brings only extracts out of "Mutual Banking". Thus I have still not seen a complete edition. This will, probably, be typical until the affordable alternative media re fully used by libertarians.)

If I would have to speak to an Indian, I would tell him: If you were to cut off from one of your elephants the trunk, the tail and a tusk; do you would have **simplified** the elephant by such an operation and would now understand his nature easier than before???????? 100 buckets of the most holy cow-urine will not **clean** the man who abridged W. B. Greene, before Vishnu, the great **conservator**, although, if the pious Brahmins are right, it cleans (1/2 bucket is sufficient) murder and even cheque forgery.

It was my intention to read, after the war, **all** that W. B. Greene had written. He must have been one of Americas most profound thinkers. The German proverb is:

"Es kommt erstens immer anders, zweitens als man denkt." ("Events happen always differently, especially from those one predicts.")

The English Society for the reprint of scarce old tract should care for a new edition of Greene's works.

Very truly yours - (unsigned slips in my photocopies of Beckerath's letters to M.)

6. 4. 1949.

Dear Mr. Meulen,

about 20 years ago Rittershausen delivered a series of lectures on banking at the University of Frankfurt, especially on mortgage banking. That brought him into contact with many bankers and managers of commercial banks. When it was possible, Rittershausen talked to them about the possibility of private note-issuing by commercial banks and private bankers. When these men heard him, they felt as if Rittershausen would try to seduce them into counterfeiting cheques or committing burglary. Their answer was regularly: The only monetary reform needed would be the suppression of the State banks of Bavaria, Saxonia, Baden and Wuerttemberg, so that the Reichsbank would finally get a **complete** monopoly. (The issue of these State banks - - notes without cours forcé - - was in 1928 = 184 millions of Reichsmark, about 4 % of the whole amount of circulating notes.) Their statement was right, that Rittershausen was the only economist among the professors, who opposed the idea of a note-monopoly of the Reichsbank. They began to distrust him and distrust him still today.

R. and I often talked about that psychological phenomenon. Our result was: If a monetary reform in Germany becomes possible, it will not be with the help of the banks but against the banks. We observed that the views of factory managers and wholesale merchants were the same as those of the bankers. We came to the conclusion, that the economic rulers of Germany had lost all sense for that what must be done, for the danger by which they were threatened and for the true meaning of State currency. We agreed that in a few years some new statism, worse than any before, would replace the present rulers. At that time we did not yet take National-Socialism into consideration but thought, first of all, of the National-Bolshevists now ruling in Russia, China and other countries - over about 1/3 of humanity,
But their time had not yet come.

Very truly Yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

7. 4. 1949.

Dear Mr. Meulen,

in "Mutual Banking" occur two kinds of payment, that mathematically and administratively appear as interest, but economically are not interest, the word interest taken in the usual meaning and as Benjamin R. Tucker used it. These two kinds are made evident, in the most simple way, by two examples:

1.) Long-term mutual banking.

Mutual banking without note-issues, is now wide-spread in the world. In the US, the Building and Loan Associations and the Mutual Savings Banks, in Europe the Associations for Mutual Credit, e.g., the "Kreditgenossenschaften" (Credit-cooperative - J.Z.) in Germany. In India and China the system is also well known. In China the German "Kreditgenossenschaften" served as models. The Indian model I do not know but they seem to resemble the US Mutual Savings Banks.

The kind of interest that I beg to explain does occur in small societies more frequently than in large ones. Suppose that a Building Society, from the subscriptions of the members, has now an amount of L 1,000 ready to be lent out. There are three applicants. The standard duration of the loan is 144 months. The standard interest is $\frac{5}{12}$ % monthly for the not yet redeemed loan. The monthly payment of the debtor would then be L 9.25. (I take the number from Spitzer-Foerster's table for compound interest.)

Now the secretary decides that the applicant offering the highest monthly repayment gets the loan. One of the applicants offers L 11 monthly and gets the loan. Neither the secretary nor the debtor know, that this rate contains

an interest of 0.689 % monthly. If there would be no interest at all, then the monthly rate would be = $1,000 : 144 = L 6.994$. The difference of $11 - 6.994 = L 3.006$, after deducting the administration costs, is distributed among the members of the society. So it may occur, that the members get an interest on their savings that is much higher than 1/2 % monthly, which 20 years ago was not seldom in the US Building and Loan Associations. The highest was the interest at New Jersey, where the small associations prevail. At small associations the "selling by auctions" of the loans is frequent, while at great associations there is nearly always a balance of the money ready to be lent out and of the money demanded by applicants.

20 years ago the matter was much discussed by German "Bausparkassen". Many of them were "interest-less" and thought it unjust to take from the debtor more than the administration costs. The effect was - - of course - - that some "Zuteilungsordnung" (rule for granting the loans) must be established. The next effect was, that the member who got the loan sold it to any other ready to pay its real value. The managers well observed, that the seller of the loan thus got an advantage which the association could have obtained if the principle of "interest-free" loans had not been an obstacle. By some articles I published, I could convince many "Bausparkassen" that an additional payment (in the foregoing example - L 3.006) was not the kind of interest that was really meant by the members, provided, it was merely a compensation for getting a loan earlier than other applicants. In this case the term "Warteverguetung" (compensation for waiting) would be the right expression. Many Bausparkassen accepted this name, too.

The German "Bausparkassen" failed because they used to pay excessive commissions to agents who brought in new members. A savings institution cannot pay commissions like a life insurance company. But many Bausparkassen were founded by agents of life insurance companies, and many of these agents became rich. I regret very much that a man like Tucker did not investigate the matter. I am convinced that his standpoint would have been: Let the principle of the free market fix the amounts which the waiting members get from the borrowing members.

2.) Short-term mutual banking.

Here note-issuing is essential. There should be a constant demand for notes in general business, which, in practice, is only possible, if the bank's debtors try to procure for themselves the notes in order to repay the advances granted by the banks. To strengthen that mentality of the debtors, the interest (I still use this word) should be as high as possible, so that the debtor deliberates daily: How can I repay the advance more rapidly?

From time to time - - say, every month - - the bank distributes the interest among its members. Then he, who had repaid **very** quickly, gets more than he paid in interest. For most of the members the result will be that they receive about the same as they paid, less the bank's administrative costs, and those, who were slow with their repayments ("Faule Koepfe" - bad customers) must "bleed".

The word "Benutzungsgebuehr" for the standardised cheques (fee for the use of the standardised cheques) would be a better term than the word "interest", for, considering the matter from an economic point of view, the "interest" of the note-issuing bank is no real "interest" at all.

Monetary science at the time of Greene and Tucker was not yet developed enough to detect the real and essential difference between a "fee for use" and interest.

Very truly Yours - signed U. v. Beckerath.

U. v. Beckerath, ...

8. 4. 1949.

Dear Mr. Meulen,

with very great interest I studied - - this time with care - - the leaflet of Wakinshaw, "Prosperity for all!"

The **index-currency-party** is an international party, whose "sub-parties" in the different countries are, probably, tied together by some international organisation. I do not pretend that the organisation is secret or that its internationalism covers aims that must fear the light of publicity. In Germany the party of index-money - - was very strongly promoted before 1933, but the Nazis prohibited it.

The System - - I think firstly pointed out by Silvio Gsell (According to Beckerath, he only later on renamed himself Gesell. - J.Z.) - - a Swiss, emigrated to Argentina - - one of the numerous "half-scientists" - - but not blockheaded, pretty learned - - wrote a good style - - can be designed as National-Socialism without racism. All the

more dangerous it is. The antisemitism of the Nazis must be rejected by everyone, who knows Jews personally. But the 110% statism of the index-men reduced even intelligent Jews and scientists of the very high rank of Irving Fisher, whose "Making of Index Numbers" (burnt) I estimate as one of the best productions of the human mind - - so modest book title and subject may **seem**.

Considered from a purely logical standpoint: The Index-number-money-idea and the prohibition of all credit and every of every clearing of debts by private institutions or private bankers or firms are things without any logical connection. But since Silvio Gsell demanded **both** in his book, they always appear connected in the publications of the party and its adherents.

The style of Wakinshaw and other index-men reminds me of a story from the Great French Revolution. Robespierre delivered his first speech in the National Assembly. He was such a bad orator and became so confused by the numerous interruptions, that the whole assembly laughed at Robespierre and at last he left the tribune without having finished his speech. **One** man did not laugh: Mirabeau! His friends asked him: Hey - Riquetti - it seems, you take the guy serious?! Mirabeau answered: I am not far from trembling. This Robespierre **believes** what he said! Beware, friends!"

The index-party says nothing of nationalisation, as the communists do, nothing of militarism as an ideal, as National-Socialists do, demands a government that is chosen in a democratic way (which seduces many - but not an old anarchist like me and a friend of Tucker, like you) and all which is dear to the heart of modern man: Price control, a supreme chamber of industry, which "controls" even canteens (page 3 of the pamphlet), and orders a "5-year plan" or a similar plan.

I believe the index-men to constitute the most dangerous party, index-money being the sole money and even the sole nonsense not yet tried in practice. About all other muzzles we already have **experiences**.

Only Free Banking can fight against the index-money-idea with success. Free Banking is the most opposite system to index-money as a forced currency and an "exclusive" currency. It leaves full liberty to all who are crazy enough to entrust the living standard and the economic future to the index-idea. They may try it. Private index-clauses shall not be prohibited under the Free Banking system. It leaves them also - - this is very important - - the liberty to give it up, if the system fails, what it will certainly do within four weeks after its acceptance.

Index-men know or feel that, if the money-apparatus is in their hands, they will dispose of the country's production as absolutely as Stalin disposes over Russia's production, and not only that, after a few months they dispose of public opinion, the religion, the standard of life and all details, quite absolutely.

Very truly Yours - signed: U. v. Beckerath.

(J.Z.: Gesell was close to anarchism. Alas, most of his followers did not follow him in that. - See his paper: Der Abbau des Staates nach Einfuehrung der Volksherrschaft (The Demolition of the State after the Introduction of Self-government for the People), 1919, reproduced on 32 pages in PEACE PLANS 957.

I do believe that one should clearly distinguish between those index standards which are intended only for optional, competing and privately or cooperatively issued currencies, which are refusable and discountable and those index standards meant for an exclusive and forced currency, i.e., one with compulsory acceptance and a compulsory value. The former are a problem at most only for those who voluntarily use them. The latter are a problem for all who are forced to use them. As a mathematician and statistician, who had himself calculated index numbers for the "Festmark Bank" and possibly others, B. objected only to the tyrannical aspects of many of the index currency advocates. E.g., Gesell wanted to "stabilise" the general price level by adding to or reducing the volume of the circulation of an exclusive and forced currency, and others, having only legal tender currencies in mind, do not want to abolish their monopoly or their coercion, but merely to "improve" or to mitigate (as in Israel) their effects by "stabilising" this monetary despotism via one index or the other. The governmentally and bureaucratically "calculated" CPI (Consumer Price Index) in Australia is largely the result of political pressures, that want to let the inflation of the Australian paper money appear as low as possible and thereby also reduce the governmental expenses for e.g. old-age pensions, determined by the official CPI. While there were still some price controlled consumer goods, like e.g. bread, eggs and milk, their controlled prices were included in the official CPI! I do not trust the present one, either, after these price controls were removed. The Australian CPI is used as if it were the only possible index standard, although there are hundreds, if not thousands of ways to determine an index - and the results are often quite different. If at least the results of other index calculations were also published, then the

official one could at least be compared and thus earn, if it largely agrees with the others, some trust. As it is, every shopper observing the development of those prices which are significant for him or her, will tend to distrust it, highly, in my case. However dishonestly it may still be compiled, it at least does partly adapt my nominal superannuation income to the continuing paper money inflation of the Australian dollar. - Professor Rittershausen once explored the origin of index figures, by questioning those who had supplied the original figure for them, by filling out corresponding forms. He found out that the forms were usually filled out by junior clerks, who, more or less arbitrarily picked prices from a wide range of prices, to make their jobs easier. E.g., the prices of "potatoes" can vary according to the time of the year, their type and quality and their storage conditions by a factor of 20. So, which is the correct price for "potatoes" during a year? Rittershausen finally concluded that most of the figures provided were quite useless for the determination of a really representative index. They were answers to questions like: How high is up? and: How low is down? What is the price of an average toothbrush, tennis racquet, wrist watch or pair of shoes? There are xyz qualities and prices for each of them. - Then there are also differences of indexes in different spheres. For instance, agricultural prices may develop quite differently from the prices of mining companies and those of factories and for different enterprises and individuals these variations have a quite different importance. No single index can do full justice to all people and all their contracts. - J.Z., 16.1.03.)

14. 4. 1949. Your letter of 1. 4. 49.

Dear Mr. Meulen,

your statement is true that German Banks assisted industry much more with long-term loans than the English Banks did. The point deserves attention. The standpoint of German Banks was: If we get deposits, we may, without economic dangers, lend them out for long term credits and at the same time promise the depositors to repay the deposits with a notice of - - say - - three months or 6 months. It was legally prohibited to proceed in this way. The Banks evaded the prohibitions simply by demanding a promise from their debtors that they would repay their loans in 3 or 6 months, after the banks demanded repayment. Of course, the banks knew very well, that if a factory had transformed the bank loan into machines or buildings then, in practice, it could not repay within 3 months or 6. But the banks said: The clause to repay within such a short period is a mere formality. "In practice" we always get new deposits. If one of our creditors gives notice, then there are already two others to replace the money called in by the first creditor. The standpoint of the banks was not quite as frivolous as it seems, There was a silent agreement between the Reichsbank und the great commercial banks to grant at any time loans to the Commercial Banks for the amount of the loans granted by the commercial banks to the factories, simply taking the loans to the factories as security. The Reichsbank could easily promise (not openly but tacitly) to grant credits for any amount to the commercial banks on this basis. The Reichsbank had the power to print the means of payment if such means were short. So the banks and every businessman thought the commercial banks to be secured by two props:

I.) the constant inflow of new deposits and

II.) the reinsurance at the Reichsbank.

But, as our Schiller says in his famous "Die Glocke" ("The Bell"):

"Doch mit des Geschickes Maechten,

"Ist kein ew'ger Bund zu flechten,

"Und das Schicksal schreitet schnell."

("But with destiny no eternal alliance is possible. And fate advances rapidly.")

The crisis of 1932 came. Suddenly, the inflow of new deposits stopped. And nearly all creditors of the banks called in their money. The banks demanded the money from their debtors. The debtors answered: Be so kind as to tell us: How can we transform machines, raw materials and buildings, within a few weeks, into money? What we want are fresh credits to pay our workers and continue production. None of our customers pays or can pay and all orders are cancelled.

(The very day before the banks were closed, a factory owner came to Fuerstenberg, the manager of the Darmstaedter Bank and demanded a credit of 50, 0,00 Marks - - a small sum for the great Darmstaedter Bank. Fuerstenberg said: Go to my neighbour, the Deutsche Bank. They are "lame ducks" no less than we are - but they do not know it as yet!)

Seemingly all that was against the general economic experience. But if the gentlemen would have known the history of their profession, they would not have been astonished. They would have remembered the crisis of 1907, that of 1901, that of 1873, etc. and would have learnt that a crisis a intervals of 7 - 10 years was, quite normal. But

if anyone, author or personal acquaintance, remembered them, their answer was: In those years there were quite different conditions. The observations of these years cannot teach us anything. (Indeed, they were unable as well as unwilling to learn from them. - J.Z., 15.1.03.)

In 1932 the situation in Germany was aggravated by the general distrust of the public towards the German Mark, not that of this year that of the years before.

If in 1924 or 1928 or 1930 anyone deposited with a German bank he said (this was **often** the case): Here you get a sum in Reichsmark. Please accept it on Dollar-Basis or on a Pound-Basis or any other Basis that is not German. "With pleasure", answered the banks. They promised not only to repay the amount on notice not in Reichsmark but in Dollars, Pounds etc., as agreed.

In the years preceding 1932 there seemed to be no risk. The factories took the Reichsmark amounts on a Dollar basis as well as on any other. They also signed a promise to repay the loans in foreign money. They would also have subscribed to a treaty with the devil, as Dr. Faust did, if they would have got cash by such a treaty. (If at the time of Dr. Faustus Free Banks would have existed, everybody would have asked Dr. Faustus: But, my good man, why go to the devil??? Go to a Free Bank! You pay a little interest, but you keep your soul at your own disposition.)

Now the Banks came to the Reichsbank. Its President declared: If you jackasses would have promised Reichsmark to your depositors, then I could help you. I could print Reichsmarks and lend them to you. But Dollars, Pounds - - at the moment I cannot print them. (10 years later he could - - as it seems - - a dark chapter.) I cannot help you!

Then the banks did, what the normal European with normal mentality does in difficulties: They went to the government.

The Reichskanzler Bruening was no blockhead. He was an extraordinary man. From the Oberregierungsrat Dr. Munzer, who knew him very well, I learnt that if Bruening had studied a thick volume of documents, then he knew them nearly by heart after many years. The quickness with which he studied documents was astonishing. He gave several hundred signatures a day and knew at any time what he had signed. His character was far better than average. But - - of **banking** he did not understand anything.

The banks represented the situation to the Reichskanzler (Bruening) in the following way: There are numerous owners of accounts in foreign money. We hoped that they would not give notice all at the same time. But they did. Now we need many hundred millions of Dollars, Pounds, etc. Help us. The Reichskanzler, of course, misunderstood this as meaning: There are **foreigners**, who demand foreign money from the banks! Ah - - he shouted: They speculated against you and the German Mark, what a crime!!! Then he granted the banks a moratorium. And then we had the crisis, which was the true reason for the unemployment of more than 7 millions of men, of the avatar of Hitler, of the war, of the loss of my nice library, of your library, not less nice, and all other. (Did he here mean other libraries or other troubles? - J.Z.).

That was the end of the "liberal credit granting of German banks to the German industry from deposits."

You are right: In times of crisis the distrust in banks is general and "my" banks will be no exceptions. But how works the general distrust on my banks? The public brings the standardised cheques at once into the stores, buys anything, disks, canaries, chess boards, pine apples and apes, while in the stores not tied to "my" banking system not even matches are sold, because everybody keeps his money in the pocket. My stores get a booming business and say: Every month such a crisis end we are all millionaires!

In one of my last letters I mentioned already this special feature of my banking system.

Very truly yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

15. 4. 1949. Your letter of 1. 4. 49.

Dear Mr. Meulen,

concerning **duty**, perhaps **Hamlet's** word contributes something to our discussion:

"To be honest, as this world goes, is to be one man picked out of ten-thousand."

Of 10,000 men 9999 do their duty for no other reason than to avoid the contrary of pleasure. But the 10,000 th man should not be confounded with the 9999 other fellows, like a diamond should not simply be subsumed under the notion "stone". It **is** a stone, certainly, but this property is not essential if the question arises: What distinguishes it from other stones?

What you say about men with an altruist sense is true. But - - as Kant remarks in his "Foundation of the Metaphysics of Morals" - - there are men, whose altruism is much less than average, may it be by their original nature, may it be that they have arrived at a certain contempt of men after a life of much experience and hardship, and who, nevertheless, are very dutiful. Old soldiers are not seldom of this kind, also statesmen, whose character seems more cruel than altruistic, but whose sense for duty nobody doubts, say Robespierre, Pitt or Bismarck. How is their sense for duty to be explained? By the feeling of satisfaction in every man, fulfilling his duty? Kant appeals to every man's own experience and asserts: This satisfaction accompanies the fulfilling of duty, but it is far from being **so** delightful, as to induce a man to fulfil his duty under circumstances as they pressed on - - say - - Thomas Morus (Moore - J.Z.), who preferred death to a violation of his duty - - not **as** subject but as **man**. (He was too enlightened for a religion could furnish him motives.) Morus' **pleasure** in fulfilling his duty certainly was so moderate as an agreeable feeling can be. Here lies a very deep mystery. The gregarious nature of men is not sufficient to explain it.

I expect with great curiosity **Babcock's** pamphlet on duty and thank you beforehand for its kind transmission.

You are right in 9999/10 000 of all cases that arise in practice.

You are right: 4 1/2 d per ounce for printed matters is too dear, at least in the case of Berlin. The post office tries to justify such postage by the necessity to utilise the air transportation possibilities of the aeroplanes. But there are better possibilities to utilise them. At the 14th of April it was published that during the last 24 hours 742 aeroplanes had carried 5252.98 tons to Berlin. (I think they meant: in 742 flights.) $5252.8 : 742 = 7.1$. There are aeroplanes of 7.5 tons capacity and of 10 tons capacity. I do not know in what proportion. But obviously, 7,1 tons per flight indicates that the room of the aeroplanes is not fully used. The weight of all letters and parcels for Berlin is in the average 5 tons daily. If every aeroplane would have carried besides its prescribed load 7 kilograms of letter mail, that certainly would not have been a great additional load. And if all letters to Berlin were quite free of postage, then the weight of all letters and parcels would perhaps be 10 tons a day, still no really large additional load for more than 700 flights. (Especially for outgoing mail, when the returning planes were mostly empty. - J.Z., 15.1.03.) But there is much ado for the small quantity of air-mail. All letters not expressively designed as air mail letters are sent by railway and through the Russian zone. The delay is often many weeks and much of the mail disappears.

The journals of Berlin attribute the air mail condition to the bureaucracy, whether German, English or American. If there were no bureaucracy, then there would be no postage charged during the blockade, neither for letters to Berlin nor from Berlin.

Very faithfully yours - signed: U. v. Beckerath.

U. v. Beckerath,

16.4.1949. Your letter of 1.4.1949.

Dear Mr. Meulen,

the defect in banking since 1844 is - - as you very correctly point out - - very serious. (1844 was a significant year only for English banking! - J.Z., 15.1.03.) Banking activities should not be tied to the amount of gold at any place; it is sufficient if the market value of bank notes is every day observed at the bullion market, simply by publishing the price of bullion in bank notes.

The **quantity** of fresh loans cannot be influenced by this valuation. **W. B. Greene** conceived that before we were born:

"Mutual money is measured by specie, but is in no way assimilated to it; and therefore its issue can have no effect whatever to cause a rise or fall in the price of the precious metals."

("Instead of a Book, page 232.)

These words alone should secure literary immortality to Greene. (The immortality that churches promise is a dangerous thing; Buddha teaches to avoid it; also Schopenhauer.)

What you say of the bad supply with means of payment since 1844 is no less true. The mass of productive ability, suppressed since 1844, is probably more than 4/5 of the existing ability. Without special social reform Free Banking will much more than treble the standard of living everywhere it is introduced.

Money lenders take 20d % - 40 % p.a. and more. I had a table of **Inwood** from which I learnt of the enormous interest taken by money lenders. **But**: is the supply with capital by money lenders great, considered from the standpoint of the whole community? I would not be surprised if a statistic revealed that the capital supply by money lenders is less than 1 % of all capital supplied.

From an American work about Building and Loan Associations I learnt that if borrowers offer more than about 6% at the mortgage market, the offer of capital not seldom suddenly stops. There is an exception at the market of instalment mortgages. The public is not able to calculate the interest in instalment rates. An interest table, such as Spitzer-Foerster's, Tables for Compound Interest or the solution of equations of a high degree would be necessary.

(Currency Reform - J.Z.)

Recent monetary reform at Berlin. The right way to bring an inflated currency in order is explained, with much detail, by a German-Russian author: **Jacob**, Staatsfinanzwissenschaft, Halle, 1823. (Not 1923, 1 8 2 3!) Of course it burnt on 22.11.1943.

Jacob says:

- 1.) Repeal all restrictions for the free trade with bullion in every form, coins and any other.
- 2.) Let the price for bullion, coins, etc. be daily quoted at the exchange. At last - - probably already after some days, at least after some weeks - - the relation between bullion and paper money will be stabilised.
- 3.) Restore the old laws by which every owner of bullion has the right to exchange it at the mint into coins.
- 4.) Repeal all laws that prohibit treaties, agreements etc. on any basis seeming apt to the parties, may the basis be gold, silver, wheat, maize, wood, dung, chickens or anything. Do not omit from the repeal the wage agreements.
- 5.) Once the proportion between the value of paper money and gold is at the exchange and in all parts of the economic world stabilised then declare:
Taxes are now payable and fixed in precious metal but may also be paid in paper. The relation between paper and precious metal is published for at least 3 months and is for the next three months the same as the quotation at the exchange.
- 6.) Replace the paper money accepted for taxes by a newly printed paper money, which is nominally equal to precious metal (for simplicity, say: gold). Example: The exchange quotes: 10 paper units are = 1 gold unit. The receipt of the finance offices for taxes is 500 millions in gold and 10,000 millions in paper. Then burn that paper, replace it by new notes with a nominal value of 1,000 millions and then stop every further action.

Let the worker deliberate with the employer about a new a basis of wages.

Concerning mortgages, their new value is every day to be read in the lists of the Exchange.

If a creditor had lent out 100, 000 paper marks or paper florins, then the debtor owes now so many paper marks as 50,000 gold marks are worth. It is a matter of the judges.

In Berlin I would have proceeded in the same way if I would have been a dictator. At the loss of Berlin I am not. If I were, I would conclude a treaty with the people as, in Imperial China the officials (Mandarins) of the emperor often did (with the local merchants, B. said elsewhere. - J.Z.): **Not** to govern as long as a pension of so and so

many taels is paid. Then the people (with the guilds in the first of all) governed. The advantage was: The evils of government were not **doubled**.

Your books did not yet arrive. That appeal the jacks in the office **air mail**. (That is called, by the jackasses in office, air mail. - Sometimes it is a bit difficult to translate B.'s English into colloquial English. - J.Z., 16.1.03.)

I forgot to remark, that in old **Prussia** - - a country with a very wise monetary legislation - - there was an official tax for foreign coins at every tax receiving office. Taxes could be paid in Thalers as well as in Francs or Pounds or Guilders or Rubles. If any State in the world coined a quantity of precious metal, it supplied Prussia, willingly or not, with means of payment.

In Berlin I would admit every of paper money as well. (That was not permitted in old Prussia.) I would establish an exchange and admit "curb" exchanges as much as the public liked them. But no kind of paper money would have a *cours forcé*. Now we are insofar on the way to such a monetary state, as the East'-mark is not prohibited but admitted in all payments, but without *cours forcé*, and nobody is obliged to accept it at all. For Dollar and Pound Notes, etc. the same opportunity should be established.

Very truly yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

17.4.1949. Your letter of 1. 4. 49.

Dear Mr. Meulen,

I beg to add some words to my letter of the 16-th.

The **gram gold** is a monetary unity proposed already in 1871, later sometimes, also by **H. L. Follin**, and was in practical use during the inflation- time as a "Rechenwaehrung" (accounting standard), like old Hamburg "Mark Banko" or the "Makuta" of some Negro-Tribes at the Guinea-coast, described by Montesquieu in his "Esprit des Lois", chapter X. (Some - - e.g., Galiani - - unjustly doubted the details given by Montesquieu. But all travellers' confirmed them. From Noback's Standard Work about the money units of the world and its trade institutions for commercial purposes, I learnt that the Makuta was in full use still at the time, when the first edition of this work appeared, that is, about 1870.)

The private fabrication of ingots in the shape of coins, containing fine gold in quantities of 1 gram or multiples of it, should not be prohibited. The coin's inscriptions should contain:

- 1.) the weight of the coin, indicated in milligrams,
- 2.) the weight of fine gold contained in the coin, also in milligrams,
- 3.) the weight of alloy (if any) and indication of the kind of alloy used. (Jevons - - assayer of the mint at Sydney - - tells us that copper as alloy is quite useless. Coins of pure gold or pure silver would be best.) In every case. 2.) + 3.) must equal 1.)
- 4.) The diameter of the coin. expressed in 1/100 of millimeters at least (I believe that 1/10th of millimeters would be quite sufficient. Few could measure them more accurately. - J.Z., 16.1.03.),
- 5.) the thickness of the coin, also expressed in 1/100 of millimeters,
- 6.) the date of coinage,
- 7.) the name of the manufacturer.

All words or numbers should be engraved and not in relief. The coin should be milled as coins have been for three centuries. (Not all - - I once had a "Maria-Theresia-Thaler" still coined now in Abyssinia, which was not milled.)

An honest manufacturer of ingots will furnish them with the statements that are indicated above, without being forced by law. For others there must be a law. If Berlin would begin with the manufacturing of gram-ingots, she would soon get orders from all parts of the world. After some months the stores would price in grams of gold, payable in paper, as they did in 1923. The example of Berlin would be observed in the whole world. Everywhere the workers would claim it as their personal right to agree with their employers upon gold wages - - payable perhaps in paper, if the employer has no gold coins - - expressed in grams of fine gold.

Inflation - - the word taken in the sense of 1913 - - is impossible, where gold coins are permitted to circulate freely, the paper money is not endowed with cours forc , Free Banking is permitted and its technique is known. (Stressed by me. - J.Z.)

If any banker or the State Bank or the government or any institution which still now emitted notes, were then to try an over-issue, then and at once, at the bullion market, the price of bullion of every kind, coins included, will rise. (When expressed in that over-issued currency! - J.Z., 16.1.03.) If there are then still sufficient persons or institutions who are compelled to accept the devalued paper money, as if it were gold money, then this inflation will be cured in a few hours. All debtors secure the devalued paper money and pay their debts. (They could do so only to the issuer and his debtors! - J.Z., 16.1.03.) If the State committed the over-emission with State money, all taxpayers pay at once their taxes and, if the over-issue was not too large, the excess of paper disappears, together with its commercial disagio.

If a bank had committed the over-emission, its debtors repay the advances, granted by the bank, in depreciated banknotes, and also in this case, if the over-emission was trifling, the depreciated banknotes disappear from circulation, together with their discount. Likewise, if the railway commits an over-issue. (In Germany, in the years 1923/1924, the Railway emitted much more than 1000 millions of gold-mark in form of tickets, receivable at the counters of the railway, at their nominal value, when one would travel or pay for freight.) The public would at once buy tickets, also those who need not travel at once, and in this case as well the paper would disappear from circulation - together with its disagio. (discount - J.Z.)

Let me remark that railway tickets, in small denominations, may well be used as money. At this moment the tickets of the city-railway, valued at 20 Pfennige (good for a ride to the fifth station, in some cases only to the third station) are widely used in the Eastern sector of Berlin. For some reason small change disappeared. Journals are generally paid for with railway tickets or postage stamps. The Western sectors are sufficiently supplied with small change.

If the over-emission was too great, then the automatic cure by debt-payments will not be sufficient. The high price of bullion remains for several days and then the people refuse to accept the inflated paper money, or they demand a discount. Say, the price of an ingot has risen by 10 % and remains at this rate for several days. Then the workers, the landlords, the store keepers say: Bring honest money or pay 10 % more!

If there would be no other money in circulation, except the inflated money, then some stores would at once issue honest notes on which is printed:

We accept these notes in our business for (x units) of gold,
in the same way as we would accept a coin of these units.

Free Banks would grant credits on the same basis and, after a very short time, the inflated money would have disappeared from circulation - - at the loss of those who possess it and get no opportunity to pay with it the issuer or his debtors.

(The issuer **must** always accept his paper money at par. [For the same reason that one has to accept one's IOU at par! - J.Z., 16.1.03.] The debtor of the issuer **can** accept it at par, because he can return it to the issuer without loss. A debtor, in the sense here in question, is one who has the right or the obligation to repay his debt, very soon or at once.

Thus, absence of cours forc , coin's in circulation, free bullion market and Free Banking, together, are a barrier against inflation, the word taken in the sense of 1913.

In the whole world and also in Germany, since the first World War, another meaning came up for the term "inflation": It was used simply for dearness and a general rise of prices. The professors at the universities - - with some honourable exceptions - - Rittershausen included - - expressly contested that note-printing and inflation have anything to do with rising prices. That opinion was one of reasons for Reichsbank to promise to help the commercial banks, in the case of a run upon their deposits, with new printed notes. "That is without any danger, said the Reichsbank, the business men and the "scientists", for it is **proven** by science that note printing has nothing to do with inflation. The inflation of 1914 - 1923 was ascribed to the Treaty of Versailles and the "high wages! (*)

Very truly yours - signed: U. v. Beckerath.

(* Some experts and scientists never learn enough. Some believe, e.g., that elections and democracy, police and armies secure us sufficiently against despotism, central banks against crises and that governmental education really

educates and that price controls, rent-controls and wage controls can really work and that territorialism is rightful and beneficial and that exterritorialist autonomy for volunteer communities and rightful militias for the protection of individual rights and Free Banking are not worth considering. G. B. Shaw said somewhere that the 20th century, exceeded all others centuries - in the number of myths that are widely accepted as if they were indubitable truth, J.Z., 16.1.2003.)

U. v. Beckerath, ...

18. 4. 1049. Your letter of 1. 4. 49.

Dear Mr. Meulen,

I appeal to your personal experience as, well as to your knowledge of the history of banking: is not a **moratorium** granted to banks a very evil thing? Admitted: Sometimes a moratorium avoids greater evils. But this is not always the case.

In 1932 my employer, Dr. Ramin, manager of the Deutschland Rueckversicherungs A.G. (Deutschland Re-Insurance Company Ltd), of which I was the actuary, arranged a conference of economical experts. Prof. Rittershausen was invited, Prof. Nell- Breuning and others. Nell- Breuning (a Jesuit, probably one of the authors of the brilliant encyclical "Quadragesimo anno", a scientist of acknowledged capacity) asserted, that if the German government would not have granted a moratorium to the commercial banks, the economical situation would have been much better. He pointed out, that then the banks would have got a private moratorium and if not, even the bankruptcy of the banks would have been a smaller evil than the state of affairs created by the government moratorium.

We were all much surprised by this point of view, but Prof. Nell-Breuning defended it with so good reasons and so ingeniously, that all of us were completely convinced. His main, simple but effective reason was the representation of what would have happened in the case of a bankruptcy of all German banks. He appealed to history, which indeed (e.g., the American crisis of 1837) proves that a **general** bankruptcy is not the greatest possible evil in banking destiny.) In the case of the German crisis of 1932, an honest bankruptcy would have made clear that the banks really did owe small amounts of Dollars, Pounds, etc., to foreigners but that the creditors were nearly all German creditors, to whom Dollars, Pound, etc. were **promised**, and who **now** would have gladly accepted Reichsmark. It would have been seen, that the whole foreign exchange control was quite useless from the standpoint of a German "expert" (9/10 asses) and in every case useless from the standpoint of one who in instructed by the study of Free Banking Theory. The foreign exchange control has been one of the subterranean causes of the war. The papers wrote every day about it, reported from judgements against people who had violated the foreign exchange laws (always very severe) and so created an atmosphere, where the man in the street was convinced that the foreigners were daily "speculating" against Germany and her Mark. All miseries of the crisis were attributed to that "speculation", exactly as the Jacobins ascribed France's misfortunes at that time to "Pitt". (It's amusing to read the old papers and books.)

We are both convinced that Free Banking, introduced at any place and at any time, would improve the economic conditions of that place, whether there is a crisis, mitigated or hardened by a governmental moratorium for banks, or not, whether there is a distrust of banks in general or not. **Some** people are always interested in establishing a Free Bank, and to **them** it should not be prohibited.

A Free Bank is not a **special bank** to meet a crisis. It is simply a bank, immune from crisis influences.

Your remark, that many people would use the fact of a bank moratorium in times of a crisis as an argument against the establishment of a Free Bank is true. But the unemployed workers, the owners of unemployed means of production (factories, tools, land etc.) (and the retailers, sitting on large stocks of unsold goods and the providers of ready for sale services as well - J.Z., 16.1.03) will answer: Your argument is good regarding **your** affairs. It is very bad concerning **our** affairs. If Free Banking can help **us**, then a dozen of bank moratoriums shall not prevent us from using it.

You say, in times of crisis the government **meets** the crisis by a bank moratorium. Well - - it meets the crisis as far as banks are concerned. But it does **not** meet the crisis as far as all others are concerned, that is, more than 9/10th of the population. (I appeal to your own experience.) That seems to be another reason not to hesitate when the possibility of establishing a Free Bank is given.

If a man has time, a little money, connections and relations to papers, is willing to found a Free Bank and is convinced that every day is suitable to found it, then he will meditate what place will be best to found this Bank. If I were in such a situation, I would firstly try to establish the Bank in a town of about 10, 000 inhabitants or an even smaller town. In such towns **mutual credit** is always very developed. The butcher owes to the tailor, the tailor to the shoemaker, the shoemaker to the baker and the baker to the butcher. What at such a place is regularly amiss is that a clearing (facility) (Bracketed word: ? - First he wrote: "opportunity", then he crossed this out and wrote over it something illegible to me: centre? - J.Z., 16.1.03.) The new Bank could begin a clearing by converting the instruments of credit - - bills of exchange in most cases (now mostly other short-term IOUs! - J.Z., 16.1.03) - - against its notes or standardised cheques. Once introduced, the Bank could continue and enlarge its business by advances to artisans for wages. The obligation for the Bank's debtors, to accept the Bank's notes or cheques, is a very small inconvenience in a small town. In times of crisis, when even those people do not pay, who still possess a little of the legal currency, the help of this Bank would be more sensibly felt than at any other time, even though some people might object: But what do you want? Our Banks got a moratorium!!!

If I lived in England and spoke English as well as you do, I would consecrate the rest of my life to the establishment of a Free Bank at any place. **Is** the Bank established, then happens, what the nuclear scientists call a "chain reaction", the movement begun at **one** place is imitated by others and, after ten or twenty years, in a country like England, all economical spheres that **want** a Free Bank will **have** it. Maybe it will happen that the business of the now existing commercial banks and private bankers will not be less than before and, nevertheless, the business of **Free** banks is greater than the business of all other banks together. Free Banking will become one of the most important "industries" of the country.

(Note by J.Z., 16.1.03: Alas, in this speculation B. relied on the information given to him by Henry Meulen, namely, that there would be no legal or juridical obstacle in England for the issue of notes and clearing certificates not promising redemption in rare metals or notes of the Bank of England. A proper search of English laws, regulations & jurisdiction, as well as one for the experiences of English money reformers and experimenters with them, would have revealed the existing and imposed obstacles, the foundations of monetary despotism, which in England exist as well as in all other countries. By now, perhaps, a thorough search on the Internet could rapidly and fully enough gather all such information. I have never as yet seen it compiled in any book. In England as well, a monetary revolution will be required, one in which not a single drop of blood needs to be shed and not a single property would be damaged or any rightful contract broken. But such a revolution would require, there as well, a sufficient monetary enlightenment among a sufficient number of people, who are in suitable economic conditions in any particular locality. Neither organisations of workers, employers, manufacturers or traders, especially not retail associations, have so far bothered to demand freedom for the issue of their own notes and clearing certificates and the right to accept, refuse or discount those freely issued by others. No school or university or business management course teaches how free banking would operate. They, too, "act" like lemmings. There are only all too few individuals in the world, who have shown any serious interest in this freedom opportunity. To break or ignore the existing legal situation and predominant opinion, a great crisis situation should be utilised, shortly before an election. So far no one seems to be sufficiently prepared for such a situation. Beckerath would have been, but he could hardly have acted alone. - J.Z.)

In an old volume containing documents of the International Currency Conference of 1876 or 1878, I found a communication of the Belgian Minister of Finance. At Namur and in some other places the cooperative stores of the workers had printed tickets in money denominations and had accepted them as money in their cooperative stores. The store **lent** the tickets to employers, who could not, otherwise, get money for the wages of their employees. The employer gave, in return, a bill of exchange, in the usual form. With that bill of exchange the cooperative store bought en gros (wholesale - J.Z.) what it wanted, that was no commercial problem. So the store operated as a note-issuing bank, but without promising the redemption of the tickets in gold or State money. (If the store **had** State money or gold. then it redeemed.) It seems that in the following years this expedient was simply forgotten. Probably, the fact is here noteworthy, that in Belgium the consumption of beer and "Schnapps" is larger than in any other part of the world.

It is an extreme valuable experience, and one not yet investigated by theorists, that in times of currency famine a trifling amount of "Ersatz"- money (emergency money - J.Z.) is sufficient to meet the most terrible crisis. The first experience of this kind - - as far as my knowledge reaches - - was that of Prussia in the Revolution of 1848. All cash money disappeared at once, as is usual in times of revolution. That is what lets most revolutions miscarry. Then the Prussian government founded "Darlehenskassen" (Caisses d'emprunt) which issued tickets ("Darlehenskassenscheine") to employers, to the amounts of due wages. The securities they accepted were those usually accepted by note-issuing banks. It was very important that all taxes could be paid with the tickets. The whole amount issued was no more than 8 million Thalers, a very trifling amount also for this time. But experience taught that it was sufficient to continue production, as far as such employers were concerned, who did not lose their head at this time, which - - to tell the truth - - very many did, so that, nevertheless, the unemployment was considerable. At the wars of 1864, 1866, 1870 and 1914, the Darlehenskassen were re-established and with very good success.

There one might object: But why did the Prussian government not simply admit Free Banks? Answer: At that time it was the general opinion that a bank could not operate without a store of precious metals coming to at least 1/3rd of the amount of the issued notes. The Darlehenskassen had no precious metals and among the bankers there was nobody, who was able to manage a note issue institute without redemption of the notes in precious metals. Therefore the government founded institutions "sui generis".

John DeWitt Warner, in his article "The Currency Famine of 1893", in the volumes 1895 and 1896 of "Sound Currency" remarked, as well, how trifling are the amounts of money-"Ersatz" which are already sufficient to meet the severest crisis. I conclude: May the business of Free Banks also seem to be trifling, probably the small amount of issued notes or cheques will exactly be the amount that is missed in the economy.

(J.Z.: Here he writes as if free banking were good only for the issue of emergency money not normal or boom time economics. I assert that natural, normal and boom time economics as a permanent condition - apart from natural catastrophes and man-made ones, like wars, civil wars and revolutions - will only occur only once especially monetary and financial freedom are finally fully realized. We have not yet seen what a really free economy is capable of! - Enormous stocks of ready for sale goods and services exist in any somewhat developed economy. They can be utilised not only for the production of further consumer goods, to the limits of the working and consumption capability of the consumers and workers, but can also become invested, by their owners, in the production of capital goods, which could greatly increase our standard of living and shorten the working time required to make a good living, at an ever higher standard of living. Already now, everyone of us has, indirectly, dozens of "iron slaves" at his disposal, through a somewhat free enterprise and free market economy. Without the remaining imposed restrictions, the number of these "servants" could be increased almost without limits. - J.Z., 16.1.03.)

Often the money in an economy has been compared to the blood-circulation. The average quantity is estimated at 440 cubic centimetres for adult men (More like 4,400 ccm. I believe. My old Encyclopaedia Britannica says about 5 litres pro adult. - He must have dropped a zero here. - J.Z.) or, by some, a 1/13th of a man's weight. If only a few cubic centimetres are lost, the productivity of man diminishes at once considerably. But if the few **ccm** are restored - - a trifling part of the whole blood quantity - - the productivity is completely restored. (I believe it takes the loss of half to a full litre of blood to greatly reduce one's strength. How much blood do blood donors give, in the average, in ccm? - J.Z., 16.1.03.)

Very truly Yours - signed: U. v. Beckerath.

19. 4. 1949.

Dear Mr. Meulen,

Together with your "Free Banking" and Greene's "Mutual Banking", I receive a letter from Rittershausen. There was enclosed a letter from the Indian author **Nalinakaha Sanyal** (M.A., Cal., Ph.D., London), 35 Hindustan Rd., Calcutta 29, an acquaintance of Rittershausen for more than 20 years. Sanya is the former editor of the Indian Railway Gazette. He writes: "At the attainment of freedom I was the Chief Whip of the Indian National Congress Party in the Bengal Legislature, but since then I have virtually kept myself out of active politics and am now devoted to business, being the Director of the Bengal River Service Co. L., og 22 Strand Road, Calcutta, an inland

steamer service company and the Managing Director of an up-to-date cold storage within or of the Calcutta terminal railway stations."

Sanyal is an extraordinary man. Rittershausen, he and I, we had in 1928 or 1929 a conversation of many hours at the house of Rittershausen at Berlin-Zehlendorf (then not yet destroyed), and I got a deep impression of his personality. In his present situation he must be interested in monetary problems, and, therefore, I have thought, that he should read your "Free Banking" as well as the Indian edition of Mutual Banking, published by "Modern Publishers", Khajuri Bazar, Indore, India. Sanyal makes up for 100 average men. Probably, you do not any more possess a copy of Greene, but Sanyal may apply to his countrymen at Indore City. There are men in India so far from the average cow-worshipper as Christ was from the average cow-sacrificer of his time. Sanyal is one of them.

Very truly yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

19. IV. 1949.

Dear Mr. Meulen,

By your kindness I have been able to read again "Mutual Banking".

The great advances of W. B. Greene are:

- 1.) G. taught: The amount of legal tender should never influence the normal exchange of goods or of labour against goods or of debts against debts or any other kind of exchange. And if the amount is zero, then it is, nevertheless, possible to keep up exchange and a mutual note-issuing Bank is the means.
- 2.) Whether the rich men of the community are willing to do banking business or not should not influence exchange. Every one, connected or interested in exchange, has the right to invite his fellow-men to establish a Mutual Bank with the aim to get all services which the rich could provide.
- 3.) Every debtor of the Mutual Bank should accept the Bank's notes at par for the amount he owes the Bank or has pledged to the Bank.
- 4.) There exists the possibility to avoid any run.

Possible advances over Greene's scheme are:

- 1.) More knowledge over the possibilities by which bank-notes may be depreciated, the main possible cause of depreciation being a diminution of its purchasing power or a restriction. (? - Just his translation flaw or a flaw in logic? - J.Z.)
- 2.) More knowledge about the functions of interest and its role as an economic burden. (1% interest being, in many cases of actual business, as good as impossible.)
- 3.) Distinguishing exchange of present goods against other present goods and of present goods against goods still to be exchanged. Studying the methods of financing of each of the two kinds.
- 4.) Application of Greene's principle to tax paying.
- 5.) Using the principle to finance military enterprises such as a revolution. (The army issues notes as a bank, imposes taxes for the amount of the issued notes and demands that the taxes are paid in notes.)
- 6.) Establishing a legislation by which obligations (including bills of exchange), based on Greene's principle, are regulated as now the usual bills of exchange are regulated. (In a bill of exchange based on Greene's principle, the debtor does not promise to **pay** a sum but promises to accept the bill so as if he would accept cash in his business.

Very truly Yours - signed: U. v. Beckerath.

Dear Mr. Meulen,

after an interruption of several years, I began again to study your book. I opened it at random and could again state, that every page offers more thoughts than even a trained reader is able to take up in a moment. The first passage I read was your quotation from John Stuart Mill, page 223. Your criticism puts Mill's superficiality in the right light. At the moment I remember no other author (the authors of the Four Bills not being taken into consideration here), who consider that augmenting and diminishing the quantity of currency does not merely influence the level of **prices** (the only objective that economists have considered, David Hume and Adam Smith not excepted), but also - - what is 100-times more important and in concreto is much easier perceived by the people - - influences **liquidity**. Whether a man pays 8, or 9 or 10 money units for a commodity is, indeed, important but it is much less important than a situation where he cannot pay for the commodity at all, because of lack of currency, even if the offered price may now be 5, or 4, or even less.

Inflation, with all its evils, is generally welcome to at least 9/10th of the people, the workers, the businessmen, the politicians, because (in its first stage) it improves liquidity very much. Then the raise of prices is considered - - rightly so - - as a small disadvantage compared with the improvement of general liquidity. Practical men know that; economists should know it, too.

(Note by J.Z., 17.1.03: Under a forced and monopolised currency there is no distinct borderline between deflation and inflation. Always a degree of deflation exists in parts of the economy, even while other parts, are relatively awash with money. When the exclusive and legal tender money is over-issued, then some of the remaining deflationary effects do disappear and with them some emergency sales prices, degrees of unemployment and bankruptcies. Liquidity is somewhat improved, as far as it can be under monetary despotism. But once the inflation begins to advance rapidly and, in expectation of it, prices race ahead of the note-printing presses, liquidity shortages and deflationary effects become strong again.)

Free Banking offers all liquidity advantages without a single of the disadvantages of an inflation. John Stuart Mill, who had the opportunity to study Free Banking in full action (J.Z.: Well, **degrees** of free banking only!), should have studied it more than he obviously did. You are the single author whom I know, who appreciates sufficiently the economic as well as the political importance of liquidity and demonstrates that it is not sufficient to distinguish the functions of a currency as a means of payment and a means of measuring value in general terms, but demonstrates it by impressive examples. (Page 224, bottom.)

That the elder theories of the connection between prices and the quantity of coins (gold or silver) must be totally revised, becomes evident from the fact that in the last decades in a single year more precious metals are produced than were, in old times, within 50 or 100 years. Nevertheless, the price level is hardly influenced by that production. The price level is now essentially the same (reckoned in quantities of gold) than at the time of the Roman Empire, which may be derived from the edict of emperor Diocletian about price control. (Professor Lexis calculated it; the result is published in the "Handwoerterbuch der Staatswissenschaften". The year in which he made his calculations may have been the year 1900 or so.) A measure of value which by itself changed so slightly must be considered as a good measure! I think that statements like those of J. St. Mill are not only incomplete but also erroneous.

The people dully feel that the currency problem is not merely a problem of **technique** but that it has also a moral side, although they are unable to detect it. Therefore the success of men like Wakinshaw, who speak of "Banksters" and - - just like the population likes to do - - denounces persons, assumed to be **guilty** instead of researching **causes**.

You explain that moral element, so difficult to be discovered. It is the lack of **freedom** to create currency when currency is in short supply and, in general, the lack of **freedom** in banking, which - - translated from morality to economics - - means lack of competition.

To claim the freedom here in question is a more revolutionary demand than that of the serfs who claimed their personal liberty and land from their lords in in the revolutions of the 18-th century. How revolutionary it is may be seen from the pamphlets of Wakinshaw, doubtless a man of high courage and of mutinous character. But he does

not dare to claim the monetary right here in question as a Personal Right. He claims it as a right of his **king**, to whom should be transmitted - - as he demands - - the privileges of the bankers.
If as enlightened and benevolent men as the last kings of England had to decide the matter, they would not hesitate to renounce the monopoly, which Wakinshaw would transfer, as quickly as possible, to the government.

It would be easy to write 3 books of 429 pages about your book.

The **moral** element in the monetary standard of a people did escape the notice of Steuart, Hume and Adam Smith (not to speak of Mill & Senior) and - - very important - - was also not noted by Karl Marx and his disciples.

Very truly Yours - signed: U. v. Beckerath.

Just now I receive the "Economist" of 2.4.49 and the "Truth" of 8.4.49.

Your letter "The State and the Citizen" is quite along the line of thought above pointed out. I am very pleased. It's the first time that I see an issue of "Truth", obviously a valuable newspaper.

In the "Economist" the letter of Childe: "Changing Capital Market" is marked. An excellent letter, as short as it is. Adam Smith calls the saver a "public benefactor". He was right and Keynes, with all his erudition and mathematics (he was an excellent mathematician) was very much in the wrong.

Concerning the leading article: "New Force or Lost Cause", it is my opinion, that if the Liberals make Free Banking a point in their programme, then they will restore the old glory of their party, save the country (whose danger they do not fully see - - most people in England do not see it - -) and make England the centre of a world-wide Commonwealth, whose members demand nothing better than to be led by the motherland. If the liberals don't do this, then they will play the role of the many liberal parties of Germany before 1933 - - **one** word of the coming dictator and the party is extinguished and will never be restored.

You cite **Brooks Adams** at page 71 of your book. The discovery of Adams, that times of general illiquidity are regularly times of increasing government power and favourable to the rise of dictatorship, should be better known than it is. In the next edition of your book you must say more about it. It's all "water to your mill".

Bth.

U. v. Beckerath, ...

23.4.1949.

Dear Mr. Meulen,

Babcock's pamphlet caused me to reflect a little about **Hamlet's** word: "To be honest, as this world goes, it is to be one man pick'd out of ten thousands".

Experience teaches us, that such a man is **picked out** (stands out - J.Z.), but every-day experience does not teach us what the proportion of honest men to dishonest men may be. In Berlin I must every day use the town-railway (Stadtbahn), where accidents are now frequent. I was present at some accidents. All men agree, that in such a case it is the duty of everyone to help the injured as much and as quickly as he can, provided that there is no other help available. Not seldom physicians are among the passengers and then their help is more valuable than that of the most willing other men. Now, I think, that the average number of passengers is about 1000 per train. I observed, that if a man is hurt, always at least five or more are ready to help, to sacrifice some linnen, to miss their business, etc. At the time when Berlin still had taximeter cabs, I often noted that a passer-by paid a taxi to bring the hurt person to the hospital. And if the next one would not have done it, his neighbour would have paid. If my observations could be generalised, then the proportion $5 : 1,000 = 1 : 200$ would correspond more than Hamlet's proportions (1 : several ten-thousands) to experience.

There is still another evidence. The lost-property-offices are **very** frequently used by people who found valuables. Every minute several objects are delivered. Now, I do not know (and who knows?) the number of **lost** objects. The ratio of lost to found and delivered objects would offer an evidence of the honesty of Berlin's population. I estimate that the proportion is not less than 1 : 200 and perhaps only 1/50. I know, that average honesty is greater at Stockholm and at Geneva, but I think at Berlin it is even now, in times of such a misery, still greater than at, say, Naples, Athens, Moscow or Peking.

I estimate that at locations, where the finder has no trouble to deliver the found object to a lost-property-office (costs generally 40 Pfennig fare - - much money for average people) about 1/3rd or more of the lost objects are returned to the loser, if found.

(J.Z.: For many the lost time would count more than the fare. I lost my wallet several times - and it was always returned to me, intact, with a reward refused! - J.Z.)

Certainly, the measure of honesty among average men should not be overestimated, but there is no reason to underestimate it.

Very faithfully yours signed: U. v. Beckerath.

U. von Beckerath,

25.4.1949. Your letter of 22. cr., received to-day.

Dear Mr. Meulen,

Bishop Berkeley and John Gray seem to have been extraordinary men.

Gray seems to have been the first man whose ideal was to create a social state where continuously the demand for labour was greater than the supply, and who clearly saw that such state would be more valuable than all sermons of the moralists, insofar as more true morality would be produced.

It is the glory of England that such kind of ideals came there into being, earlier and in clearer form than in the rest of the world. The Nazis and their kind mentioned the high consideration which economic proposals have always received in England as a proof for the "degeneration" of the Anglo-Saxon race. That can be understood, from their standpoint, for economic slavery, as that of Hitler, is impossible where men are deeply interested in economic principles, but is possible, where children must learn the "Nibelungenlied", the "Gudrunlied" and adults as well read the old stories of slaughter with enthusiasm.

I will more extensively study what you said in "Free Banking" about Berkeley and Gray and then return to the subject. (My impression, from your information in your letter is, that **Greene** trusted the **free market** more than Gray did.)

Your remark: "necessity of the shops to replenish their stores from the wholesalers." In times of a crisis - - you say very well - - everybody tries to **sell**. Normally, he tries it on vain. But shops financially organised on Greene's principle **can** sell and **do** sell. Probably they will be the only shops that sell, and therefore their credit at the wholesalers will be unlimited. I am convinced that wholesalers will be only too glad to sell to shops which are so successful in selling that their shelves are empty. The "Greene-shops" at a time of crisis will be the only shops which **must** replenish their stocks. All the others will cancel their former orders.

You are right: In times of a crisis **lending** will be diminished. But what kind of lending? The lending of "exclusive currency". The lending of "Greene-Notes" will **not** be diminished. Mutual Banks (or banks of private bankers so organised, that they will do the same business - - perhaps still preferable to the form originally proposed by Greene - - the advantage does not lie in the legal form of mutuality - -) will issue notes to employers (not **all** employers will have to send home their employees), and if they do not, the employers will, in a few minutes organise a new mutual bank on the same principles that they organised them at the currency crisis of 1893. The thing is plainly described in the wonderful article of John DeWitt Warner in "Sound Currency" of 1895/96.

The events of 1893 described by John DeWitt Warner were certainly of no less importance for the world's history than was the battle of Waterloo.

DeWitt Warner demonstrated that mutual **distrust** may serve as a monetary basis as well as trust, a discovery of importance. In 1893 there was no distrust in the US-money and, therefore, everybody kept it in his pocket. But everybody said: These newly-created Clearing-House Certificates - - I don't trust them 100 % - - and I will use them as a means of payment, as long as there is time. Effect: Within a few hours all Clearing-House Certificates (a better name than "notes") were brought to the shops and from there back to the private clearing-house, or - - in many cases - - were handed over to the wholesalers, and from them to the factories, who had lent them from the ad hoc created private clearing-houses.

But I do agree: If such a mentality prevails, then **saving** in the new kind of money would be difficult.

Ulrich von Beckerath to Mr. Meulen.

24. 4. 49. II.

Use of options by workers.

Certainly, the ordinary wage-earner has little credit. But that cannot prevent him from going to a shop and say to the shopkeeper: Listen, my dear fellow: My weekly wage is 100 shillings - - and I want to oblige myself to spend at least 50 shillings of these at your shop. What advantage will you offer me if such an obligation shall be valid for 3 months?

If the agreement comes about, then it is a contractual buying or use of an option.

If **all** men, not only workers, would buy in this way, a crisis of the usual kind will hardly be possible.

Thank you very much for the clipping sent to you from Dr. Fritz Winther. Carl Nuetzel, the Author of the article "Gewerbefreiheit wirkt sich aus", does not consider some important details.

In Germany it is prohibited to lend on a gold basis or any other basis than the present paper mark. That is not very attractive.

In the papers it is often said, that the present relation of the paper-mark to the dollar (0.30 cents + 1 paper mark), is too high. A reduction to 0.25 cents or less is demanded. The "JIEA" (Joint Import Export Agency) does at the moment not yet know what relation it must fix in the next months. In every case, the relation depends upon the opinions of a few men, probably of one man. Could lending be attractive under such circumstances? As the Germans say: "Da muesste ja einer Tinte gesoffen haben!!" ("One would have had to have boozed on ink!!") Under such monetary conditions credit would be impossible in the most wealthy country and it would be ruined, for lack of trust in its money, within a few months. Credit could be obtained from abroad, seeing that the interest rate in Germany is at the moment very high. But with the gold basis (not to be confounded with the gold standard in the sense of Kitson) being prohibited, no American or any other concern will credit a German. A few exceptions are of no economic importance.

Means for a long-term credit to the farmers would be available - if the gold basis were permitted. Agriculture would then attract many workers from the towns, these workers being to a large extent agricultural workers who fled from the East. All this is legally impossible, but the authors never talk about the monetary basis. Even in 1923 they did not talk **much** about it. It is interesting to reread the enormous economic literature of that time.

You are right, that in whole world there is a shortage of wealth. But why? Because in the whole world the gold basis is prohibited, as in Germany. The habit of most newspapers to confound the gold **basis** with the gold **standard** (the word taken in the sense: obligation of banks to convert paper money on demand into gold) does contribute much to the present monetary mentality and the consequent monetary legislation and the consequent shortage of capital, which exists, but cannot **appear** (exactly like Kant's "Ding an sich"). (Thing in itself. - J.Z.)

(IF the gold basis were legalized or the laws on this habitually ignored, as they deserved to be, then one would have seen, for a period, many advertisements offering capital on a gold basis or seeking it. Soon, on one competitive exchange or another, capital would be freely offered sought and accepted on that basis, and the reports on these capital transactions would then clearly reveal the former shortage of capital as well as the abundance of capital that can be made available on that basis. - J.Z., 17.1.03.)

B. to M.,

25. 4. 1949. III.

Duty: I agree with **Kant**, that **altruism** is not the right basis for **duty**. The first sentence of what you write is perfectly true. The second is contested by **Darwin** and for good reasons. I beg to postpone a more complete answer until my remarks on the pamphlet of **Babcock** are written.

Thank you **very** much for your explanations about the difference of "than" and "then", and of "some" and "any". All are must valuable. But: English remarkable good???? I translated some lines of your book into German and tried to translate the German, after some time, back into English. Then I noticed what **good** English is. Oh, oh, but now I am too old to learn it.

Very faithfully Yours - signed: U. v. Beckerath.

My expression: "distrust may serve as monetary basis as well as trust" wants some explanations. By **distrust** I here do not understand the distrust in the issuing banker or corporation, but the fear, that the money will be worth less tomorrow than today. Example: Among the photographs of emergency-money, used at the currency-famine of 1893, John DeWitt Warner reproduces a ticket issued by a printer at North-Adams, Mass. The text was roughly:

We take this ticket in our business for 5 dollars.

Merchants of North Adams take it in payment for goods or services.

As long as the currency-famine continued, the ticket was as good as the usual 5 dollar note. But at the moment when the crisis was over, then, of course, nobody would take it (save at a considerable discount), who was not obliged to take it. Obligated was, in the first place, the issuing printer. It was necessary to buy something at the printer, to order visiting cards, etc. Everybody knew that and, therefore, took care to use the tickets as a means of payment, as long as it was also taken at par in the shops, exactly because he **distrusted** the ticket.

Some theorists derived a monetary principle from the fact that a money, regarded with distrust, is spent as quickly as possible. That they demanded that **all** circulating money should be subject to a depreciation repeated from time to time. Such a theorist was Silvio Gsell (Wakinshaw is one of his followers) and so were the "Inflationists", a party of some importance in the decades after the Civil War. That was a superficial view of the problem.

Trust enables the people to produce goods to be consumed in the **future**, **distrust** displaces this (spending for - J.Z., 17.1.03) consumption to the present time. Obviously, that is a disadvantage, but, certainly, a smaller disadvantage than is unemployment. Unemployment is impossible as long as the community possesses bankers who understand their business (private bankers or managers of mutual banks) and whose activities are not restricted by tyrannical, stupid and monopolistic laws, as the law of 1844 and the corresponding laws in nearly all other countries.

Bth.

U. v. Beckerath, ...

26. 4. 1949.

Dear Mr. Meulen,

you were so kind as to send me "Slaves of Duty" by John Babcock.

In Benjamin R. Tucker's "Instead of a Book" a gentleman J. K. L. Babcock is sometimes named or quoted. The same? It seems so, for John Babcock quotes Tucker.

At page 30 Babcock says: "**Obedience**, self-sacrifice, unqualified and absolute, is the essence of duty".

Is Babcock here in the right? Is that really the essence of duty? And if it should be (words can be turned this way or that way) - - can such an attitude be called **egoistic** without misuse of the language?

(I would prefer a name like **Atmanism** to Egoism in all cases where characteristics of ourselves determine our behaviour but, obviously, **no base eagerness** constitutes an egoism, the word taken in the popular sense. You know the Sanskrit "Atman".)

And what does experience teach us, if we observe men fulfilling their duty? Does it always reveal open or hidden selfishness where man's self is concerned?

From **Kant** I learn: Duty is not something to be imposed by moralists or philosophers upon their fellow-men. Duty is to be **detected** in their actions or in their behaviour and then it is to be investigated, if a theory of duty shall be established. The principles of duty which a man has followed, consciously or unconsciously, can only be discerned if some dozens or more actions of pretended dutifulness are impartially investigated and this by methods used in the natural sciences.

Some weeks ago, I recommended to you an English translation of some writings by Kant. There you may derive, from his own words - - better than mine - - what he meant and what principles he asserted to have discovered.

(Page 6 -? - J.Z.) I do not assert that Kant exhausted the subject. If I generalise my own life's experiences, then very dutiful men are if a **proud** race. Kant, sometimes, mentions the fact, that the sense of duty is connected to

pride in a character and gives some examples, but he does not say that pride is the **basis** of the sense of duty, which I am inclined to say. All poets - - Shakespeare the most - - represent their heroes of duty as men who **resist**, even in affairs where duty is not involved. The kind of resistance here meant has nothing to do with obstinacy.

One of Badcock's faults in investigating the matter is: Not to distinguish sufficiently the notions here brought into question. Consequently, his representations seem superficial. (They are not false, excepting some of which I beg to speak.)

In a man's actions there must be discerned what in these actions is due to the man's own nature or character and, further, there must be discovered what is due to external influences. These latter may, sometimes, be so strong, that they counterbalance the man's own nature. I read that already Aristotle distinguished these two elements.

Suppose that a man has so strong a character that external influences cannot, essentially, change his nature, but give only an opportunity to reveal this nature. Such a man would appear as an aristocrat, the word taken in its original Greek sense. Byron likes to represent such characters, not any less than Shakespeare. The Duke of Suffolk (Henry VI., second part, Act IV, Line 132.) is not a sympathetic and perhaps not a noble character, but certainly an aristocratic one.

A vulgar character cedes to external influences. So does **Pistol** in "King Henry V.", Act 5, Scene 1, line 50. Some vulgar characters cede so much as to give up their original nature and, sometimes, even their human nature, so that only an animal's nature remains. Also, in some old magical rites, man gives up his human nature. You occupied yourself with the history of magic, so that I need not enter into details. In times of famine cases of cannibalism occur. Josephus reports cases of cannibalism from the siege of Jerusalem. During the famine-year 1772 several cases of cannibalism occurred in Saxonia (very probably also elsewhere). I dare not to judge the numerous cases of Russian prisoners in Siberia, at the time of the Tsars. When they fled across the deserts of the North, they had agreed, beforehand, that from time to time one of them should be chosen by lot and eaten. Thus from about 10 men only about two or three came to the South where food was no longer a problem. Badcock would here only say: Why not? Only a **slave** of duty will hesitate in such situations.

Upon a vulgar character duties - - say as an employee, a soldier, a tenant, a watchman, a neighbour, a comrade, a husband - - must be **imposed**, and he will not fulfil them any longer than he is **compelled**. In his soul (if he possesses such a thing - in Polynesia people believe, that only persons of high social classes are gifted with souls) he feels himself not bound to his duty and, insofar, corresponds to Babcock's ideal of a man emancipated from duty. He has hardly any notion of duties derived from a man's dignity.

An aristocratic character knows no other duties than those, which are imposed upon him by his dignity, but these he fulfils loyally. If an aristocrat fulfils a contract, he does so because he considers it as undignified to deceive.

(I find the notions of "duty", "dignity", "loyalty", "vulgarity", "nobility", "aristocratic", "respect", "treason", "enemy", "aggression", "violence", "force", "egoism", "selfishness", "altruism", "pride", "haughtiness" - and many other terms - to be firstly so vague or general, and, secondly, so diverse and sometimes contradictory, that I try to use them as little as possible, especially since it is quite obvious that these terms have often been abused to commit quite wrongful actions and to omit quite rightful actions. - J.Z., 17.1.03.)

Benjamin R. Tucker is not far from this standpoint when he says (59): "... man's only duty is to respect others' rights." A vulgar character does not **respect** others' rights, but will be an invader as soon as he thinks he can do so without danger to himself. Schopenhauer remarks that some noble characters, not trained in philosophical thinking, allege egoistical motives, although they actually are led by the nobility of their character. (An analogy is: One presents his friend at his birthday with a little box of cigars of the best quality, with the comment: So that I need not inhale the hay you usually smoke!)

Even a haughty and selfish but aristocratic character, as the count Suffolk in Shakespeare's "King Henry VI." will fulfil the duties which a knight normally fulfils. A base character like Pistol would be regarded with distrust, by his own companions, when they play cards with him.

The pride of an aristocratic character is the true basis of his sense of duty. It is not yet sufficient, but it is the *conditio sine qua non*. It is as innate as hands and eyes, but one cannot say, that he is a **slave** of duty. He is not, for the same reason as he is not the slave of his hands or his eyes.

Shakespeare represents us a very aristocratic character in his **Cordelia**. She is a little fanatic for truth, and that belongs, inevitably, to a noble character. (A noble character is always an aristocratic one, but not vice versa - - e.g., Suffolk.) To her father, Lear, she says, that she loved him "according to her bond". She declares openly that, if she would marry, her love would be divided between her father and her husband. All simple, true and, in the context where it is said, very aristocratic. Her love simply flows from her nature or character and is, obviously, no obligation **imposed** upon her. She does not feel herself to be a **slave** of her "bond", and is not so considered by the spectators.

It seems remarkable that Cordelia is a **noble** character but no **good-natured** character. She admits (? lets it happen? J.Z.) a **war**, with all its terrors and sacrifice of many innocents - which she certainly could prevent, only to help her father. Obviously, Cordelia is not an **altruist**, the word taken in its usual sense. That does not affect the nobility of her character nor our sympathy in the least.

Cordelia is dutiful as a man can be - - but: does the fulfilling of her duty in any respect correspond to Badcock's notions of self-interest, egoism and pleasure? I assert: In no respect.

Perhaps it was **Kant** who first taught to distinguish between the feeling of "Selbstzufriedenheit" (Self-satisfaction - J.Z.) (as he called it), which accompanies a fulfilling of duty, and pleasure, which is a feeling very different in kind, although both are agreeable. (I do not know, if "self-contentment" would be a good translation of "Selbstzufriedenheit".)

How little "Selbstzufriedenheit" has to do with pleasure may easily be observed in whisky saloons. There are always some drinkers, who drink whisky with that pleasure which is the cause why whisky is drunk, and who, nevertheless, curse their inclination to drink it. They are, by no means, content with the pleasure that they feel. That would be impossible if "Selbstzufriedenheit" and pleasure would be the same thing. They are so different in nature as snow and marble are, although they are both white.

Suppose "King Lear" were performed at a theatre, Babcock and a "man of the street" were present. "Such egoistic monsters, the Regan and Goneril", says the man. "But I would love to have a daughter like Cornelia." Answers Badcock: "But Cordelia was no less egoistic than her sisters. Moreover, she was no less pleasure-seeking. Regan and Goneril preferred the pleasures of meanness and Cordelia like the pleasures of a noble-minded heart. Egoism prevailed in all three."

Will the man answer: "Oh - - that's a misuse of words!"?

And, really, it is. When Max Stirner had published his "Der Einzige und sein Eigentum", where, by a bad terminology, seemingly similar views as those of Babcock are displayed, some authors proposed to use for that kind of egoism what Arnold von Winkelried proved, as he pushed the Austrian spears into his breast, "egoism: or "egocentrism". These words have since then become pretty common in German philosophical language. (I do much appreciate Max Stirner's book, although I do not approve of his terminology.)

The behaviour of Shakespeare's Cordelia - - even though such a behaviour have never occurred in the practice of history - - reveals the existence of a world behind our given common world and the possibility of a new social order.

Phantasm?? Oh - - you have read what Badcock says about the insect **Ichneumon**, which lays its eggs inside the body of a living caterpillar, to care for the young Ichneumons.

Here nature itself displays, in an empirical manner, that time and space are not properties of the things themselves (Dinge an sich), but properties of our senses and may be broken or overcome by the metaphysical force, which is the basis of an insect's life. (Time and space may be overcome in many other ways.) I refer to your experiences at the Society for Psychical Research.

Time is that which separates us from a better social order.) Shakespeare, in creating his Cordelia, lets women of the coming age act in ours.

Aristocracy supposes much pride in a character. Meanness supposes the contrary. If a **language** permits to subsume both under the heading "egoism", then the language is misleading and superficial and proves to be not fit for metaphysical or philosophical investigations. If, in old times, the philosophers wrote in **Latin**, they knew what they did. (The language may be improved.)

The term "**Slaves of Duty**" might easily be turned against Babcock. What is a slave? A slave is a man not bound to his master by any moral tie but only by force and threat. If the power of the master is lessened or ceases, the slave may kill the master without reproach. Now Regan and Goneril are tied by an alliance based only on common interest. (Act 1, Scene II, line 307.) After some time this basis no longer exists. Goneril poisons Regan simply reckoning that her death would be more profitable for her than her life. Just as if Goneril would have been a slave of her duty arising from the contract both concluded in the I. act. Shakespeare, who, **in concreto** knew all, though not **in abstracto**, has in "King Lear", treated the problem of duty on a large scale. (Certainly he observed that, **after** he had written the drama, **if** he perceived it). Shakespeare has represented in concreto, what are **slaves** of duty, as well as he represented men and a woman, duly fulfilling their duty, but certainly not as **slaves** of duty. Philosophers may investigate as **what!**

Is **Kent** a slavish nature? Is he crazy? Is he contemptible? If an average man would have to choose between a life such as that of Goneril, with a guaranty to die in a good old age and a life such as that of Kent, with the guaranty to die at a battlefield, **very** many (average men!!) would choose the life of Kent. Philosophy cannot, declare them, a priori, to be deprived of good reason or to be contemptible for another reason, but ought to detect, by impartial and scientific methods of observation, why even Babcock would feel with them.

Shakespeare explained the problem "slavery of duty" by another example. Timon of Athens had a servant, Flavius. (Act IV, Scene III, line 464.) Obviously, Timon, formerly, did not treat Flavius as a slave, but was a good master. Flavius, due to the misery of Timon, is induced to assist him. He thinks it his moral duty. But does the spectator get the impression that Flavius is a **slave** of his duty? Flavius begins to feel his duty (he may be in error) when, undoubtedly, he is no more a slave of Timon and is no more a slave at all. He is a free man. Even Timon is touched, the same Timon who accepts, concerning duty, exactly the theory of Babcock. But he confesses solemnly to the gods that, concerning this single man, he will not uphold his theory. He calls him: "Thou singly honest man". (Now we might say "singularly", instead of "singly". - J.Z.)

27. 4. 1949.

It is strange but I must tell it to you. On my daily way to the family Bloesz, I passed a street where, normally, I have nothing to do. Suddenly, I felt a strong desire to go along that street and, once I had passed it, along still another street, quite out of my way. It was as if I was seized by the neck, by a demon such as the demon of Socrates, whom you know. Socrates is quite right: Some men possess such a demon. At a book store the demon stopped and pushed me in. Then he drew me to a shelf where **Darwin's** "Descent of Man", edition of 1896, was to be sold for 3 West-mark = 12 East-mark. In my present conditions that is much money, but I bought the book at once. At home I saw that Darwin had contributed some lines to our discussion, worth 3 West-marks, that is my impression.

(Note by J.Z.: I don't need a "demon" to lead me to a book store and to induce me to browse through its shelves in search of titles of interest to me. But only once in my life did the following happen to me, on my road to visit Dr. Zander, in London, when passing a bookstore and having still time on hand before my appointment. I browsed there, for a short while, on my own. Then the owner came and asked me for my interests. I said, I have quite unusual interests and, probably, you cannot help me and do not have a book that interests me. But he persisted. So I stated my interests shortly and went back to my browsing. Not much later, before I had gone through many of his shelves, he returned with a stack of books, about 8, maybe even 12. Rather doubtfully, I considered them all - and was VERY surprised, to find out, that I wanted all of them! No one ever before or since came as close to my "taste" in books! Did he read my mind? I certainly had not expressed my interests as accurately. Still more curious: Inspired by his finds, I went on browsing through his shop, carefully, almost certain but at least hoping to find still more of such treasures, by my own search standards and interests, which, I thought, I certainly knew better than this dealer. However, I did not find a single one to add to the stack he had provided! Just chance? - J.Z., 17.1.03.

Darwin quotes Kant two times and always with respect and to prop-up his own views. Obviously, Kant's manner to treat the problem of morals in a purely scientific manner, did please Darwin. At page 97 (chapter IV, first period), he quotes these words:

"Duty! Wondrous thought, that workest neither by fond insinuation, flattery, nor by any threat, but merely by holding up thy naked law in the soul, and so extorting for thyself always reverence, if not always obedience: before whom all appetites are dumb, however secretly they rebel; whence thy original?"

Darwin quotes from a translation which appeared under the title "Metaphysics of Ethics", translated by J. W. Semple, Edinburgh, 1836, page 136. (There must be a mistake, probably by the translator. The passage quoted is not contained in the "Grundlegung der Metaphysik der Sitten", but in "Critique of Practical Reason", part I., book I, chapter III, page 105 of the Kehrbach-Reclam-Edition.)

At page 110 Darwin quotes Kant:

"I am the supreme judge of my own conduct, and, in the words of Kant, I will not, in my own person, violate the dignity of humanity."

Most laugh when they hear or read: "dignity of humanity" and remember their personal experiences with men without any dignity during the war and at other times. Kant says: Man has a dignity insofar as he is a member of the great community of those, who gave laws to humanity, moral laws, for which it is sufficient to disapprove certain actions or words and to approve others. In that sense even children may belong to the community of "legislators" of mankind. They mock a bad behaviour or if - - e.g - - a man maltreats his dog, they violently utter their detestation. A mocking child may not seem to possess any dignity, but the nature of dignity in such a case is only very small and hardly to be detected, but meditation lets us find out that it is not zero in some cases. The true moral legislators of mankind, Voltaire, Swift and Shakespeare, impress morality by humour no less than by serious speech, and the false moral legislators, the Torquemadas and others of his kind, are invested with terror only but not with dignity and now they are merely contemptible.

It is not a good objection to a theory to call it an **old** theory. The theory may be more than 1,000 years old and, nevertheless, can be justified. But it is a just objection to a man, who delivers an old theory, not to have considered the objections raised against the theory in old times and in later times, by men no less wise, instructed and sincerely seeking truth than he. Babcock's theory is an old one. Kant and Darwin knew it, also Epicurus and Moses. Moses appeals merely to the egoism of his subjects and says: If you do not obey my laws, moral and others, Jehovah will punish you (and your innocent children). You know how he tried to strengthen his commandments. Babcock may be excused for not knowing **Kant**, known in England by only very few. But he should have read **Darwin**, chapter IV, "Moral Sense".

Darwin says: No one, I presume, can analyse the sensations of pleasure or pain". That is true. Therefore, these feelings should, in moral investigations, not be used as self-evident explanations in events or in conditions where they occur.

Babcock says (page 76): My "pleasure is my only guide, etc."
Here he made a big mistake. Darwin, page 120 (part I, chapter IV) says:

"Under circumstances of extreme peril, as during a fire, when a man endeavours to save a fellow-creature without a moment's hesitation, he can hardly feel pleasure; and still less has he the time to reflect on the dissatisfaction which he might subsequently experience if he did not make the attempt."

To be quite clear: I have no reason to doubt that Babcock, in a situation as described, would without hesitation save his fellow-creature. But what I would reproach him for, if the creature was saved, if he then ascribed his act to pleasure-seeking, which is, obviously, an unscientific way of viewing the matter.

"Duty to self" - - the last resting place for the duty-superstition, is a self-contradiction. **Duty** is unthinkable, except as obligation. (Says Babcock, page 34.)

Duty to self, as all other moral facts, is to be **detected** and not to be constructed a priori. Poets represent us men - - Goethe in his "Faust" - - Byron in his "Manfred" - - refusing all duty, rebelling against the Christian god and live correspondingly for a time. Then they **detect**, that they cannot refuse the duties to themselves. Before they took their resolution, they did not know what Duty to one's self means, but they learn it and now they are somewhat

astonished and then **feel** what they could have learnt, with less pain, from **Kant**, that a man is his own legislator and also the subject of this legislator, although, the thing considered merely from the standpoint of vulgar logic - - is logically impossible. Manfred has committed a crime, of which the poet gives no detail, but Manfred finds out at last that the crime was an act against his own nature, which he did not know before committing the crime, and Manfred feels a deep remorse.

Kant says that duty to self in the foundation of every duty, and if men like Manfred and Faust could be consulted, they would answer: Exactly what we **experienced**, although we cannot explain it logically.

Kant explained it logically, and there were, perhaps, no deeper investigations into the human mind and social relations than those of Kant about duty.

Duty - - says Babcock - - is unthinkable, except as an obligation. Well, - - **what kind of obligation?**

It's an obligation that man himself imposed upon himself, while Babcock takes it for self-evident, that it is an obligation imposed by others. Kant calls obligations imposed by others Heteronomy. But he admits merely Autonomy as a foundation of duty.

Kant directs the philosopher's attention to the fact, that a great part of his own mind is not only beyond present experience but beyond every **possible** experience. He calls the latter part of man: "Homo noumenon".

That part of man, which is in the sphere of **possible** experience (although not present experience) he called "Homo phenomenon".

They are different parts of the same thing and **appear** to us as **two** things. Then it **appears** also as if the Homo Noumenon is the legislator of the Homo phaenomenon. If it would be true, that the logical contradiction would disappear, insofar as the Noumenon is the one person as legislator and the empirical man, the Phaenomenon, is the second person as the obeying one. But - - says Kant - - don't take it **too** serious and not more serious than logic itself. Logic holds only good in the sphere of **phaenomena** and not in the sphere of things for themselves (Dinge an sich).

$7 + 5 = 12$. Very simple! **But**: Are 7 apples + 5 apples also = 12 apples? In **all** cases? Should we not, rather, ask an apple trader, an **expert**? And are 7 apples + 5 pears **always** 12 fruits? And that is pretended before **experience** exhausted the matter?

Really? **No experience** is required to prove that? There are kinds of knowledge in our minds, believed to be true, perhaps firstly found by, but not founded on experience?

Well, experience is certainly the **causa occasionalis** of discovering truths, true before all experience. But arithmetical, geometrical, etc. truths are not **derived** from experience (although David Hume, without investigating the matter, took it for self-evident that they were, as all philosophers before Kant did).

This (was? is? a? - J.Z.) little introduction to the "a priori" of moral truths. **After** they are detected, which can only be achieved by a man very **experienced**, as Kant was (J.Z.: Through extensive reading and discussions, rather than through trade and experiments. - J.Z., 18.1.03), it must be stated, that they can be demonstrated as a priori laws, such as arithmetical laws. Example: Good friends should not cheat one another. (Kant, Grundlegung zur Metaphysik der Sitten", page 39 of the Fritsch-Reclam-Edition.) That a priori law is true, even if, until now, no friendship ever existed in which no friends ever cheated the other. If Kant's "a priori" is demonstrated by examples, then it loses all that was strange or illogical at first sight.

Now to the practical side. Social reform, including our monetary reform, will probably not be performed without a new religion.

Egoism, as a basis of religion has failed. An egoist will always take the matters of his household as being much more important than all possible social improvements in the world. **Use** the grievances of society for your own advantage and that of your family, your friends, etc. **That** is unavoidably the maxim of egoism, the word taken in Babcock's sense. Never does egoism consider **fighting** against social grievances. It would be against his principle, except in the case, when, for intelligent men, the gain by fighting against the grievances offers more advantages than the **use** of the grievances. (Take India as an example: The leaders of Indian "Independence" were always in doubt: Accept a good job from the government and be quiet or sell revolutionary pamphlets, collect contributions for revolutionary parties, etc.? Decades ago, intelligent men said: If the government provides good **jobs** for the intelligent Indians then it will govern as long as it wants to.

Kant' s philosophy is for me a new religion. What is needed is to translate it from the language of philosophy into the language of the people. (Just like Buddha translated the terms of the **Sankya** philosophy into Pali, after having added some valuable and purely religious elements.)

Very faithfully yours - signed: U. v. Beckerath.

U.v.Beekerath, ...

1. V. 1949. Your letter of 22nd April.

Dear Mr. Meulen,

"... just as I doubt if the Christian god exists, although I cannot deny his existence ..." ---

Schopenhauer thinks that the non-existence of the Christian god may be proven as well as the non-existence of the perpetuum mobile or the non-existence of the seven heavenly spheres of the scholastics. It is impossible to unify the evil in the world with the Christian god's wisdom, omnipotence and love of mankind. If an almighty, all-wise and mankind-loving being did not prevent an event like the last war (and my nice library and yours from being burnt), but **could** have prevented it, then the being is not a god but a devil, the word taken exactly in the sense of the Christian religion. That is simple and no Christian can refute it, or, of course, has ever refuted it.

The thing is serious enough. If **possibly** a Christian god exists, then **possibly** he may have spoken to the biblical prophets (among them Hoseah!) or the Inquisition or modern fanatics.

If, possibly, the Christian god exists, then nobody knows by what criterion he may discern, whether this god speaks in the pretended revelations or an evil spirit; the revelations of the biblical god (who **is** the Christian god no less than the old-god of the Hebrews) are often extremely immoral, considered from a modern standpoint - - the murder of innocent prisoners of war is commanded, the whole people are punished because their King counted them (as is, obviously, the duty of every good king), or the whole people is punished because one of its high officials married a woman of a foreign race, and such things. (The similarity to the old-jewish race-laws and the Nazi's legislation is so striking, that the Germans between 1933 and 1945 often spoke of Hitler's "Neo-Judaism".)

Something in us rebels against such an interpretation. It is as if one would pretend that the backside of the moon consists of Chester-Cheese or that the inside of the Rock of Gibraltar is studded by cells for devils (as the well-known swindler **Taxil** "revealed" to the Catholic world in 1890 (about) and many Catholic clergymen repeated to their fidsels). And yet - - to be **refuted** is neither the cheese-moon theory nor the revelation of Taxil.

If the Christian god existed, he would never have admitted a law as that of 1844, in "god's own country", because he would have foreseen the misery caused by that law and for him - - an omnipotent being - - it would not have been a problem (as exists for **us**) to enlighten the government so that the government would consider Free Banking as the most important of its affairs.

There are limits also for Agnosticism - - I think!

Very faithfully Yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

2. 5. 1949.

Dear Mr Meulen,

today I received the Nr. (not mentioned! - J.Z.) of the "Economist" and the Nr. (not mentioned! - J.Z.) of the "New Generation". I thank you very much; both Nrs. are very interesting.

I'll revert to their contents.

I am a strong adversary of Malthusianism. My main reasons are:

1.) As the world as the world stood, neither among men nor for any kind of animals did there ever exist overpopulation in the sense of Malthus, that is: Never must a single or animal die by hunger only, for the reason that mankind, or the kind of animal concerned begat a too large issue 'That fact proves, that begetting issue is nature's mean to compensate for death. But death is not the mean of nature to compensate issue. If the latter would

be the case, then at least one case among so many billions would have been observed, where the number of living creatures (men or animals) merely by their numbers created additional numbers of deaths. But that a sudden diminishing of the number of individuals, say by plague or war, strengthens the prolific power of nature may be seen by the fact that, after plagues or wars in the sites of that of the 30-year war (reduction of Germany's population from 25 millions to about 5 millions) the relative number of twins was increased and also the fertility of women in general. (Schnurrer, Geschichte der Seuchen".) (Schnurrer: History of Pests.)

2.) As long as the world stands, the **selling** of agricultural production has been a problems, never the **producing**. That what was wanted was always the **eaters**, never the things to be eaten.

Malthusians insist on the fact, that after a few centuries the number of men must be so great, as to leave no possibility even to stand together - - say, one man on each square yard - - on the face of the Earth, supposed the augmentation is a number of 1% or so annually. 1 % annually would double the number of men in 70 years. An Increase of 1 % annually is - - taking the number purely from a biological standpoint - - certainly possible. All admitted - - but if experience and history are asked, then they answers. Still now, in every year of history, the quantity of edible things surpassed men's ability to eat them. Under-population has always been the world's problem.

Therefore: Let us firstly meet our under-population. The future generations will meet overpopulation, **if** necessary.

From the main work of Malthus I learnt that he - - as many before him and after him - - simply confounded opportunity to work (Arbeitsgelegenheit) and victuals, although both are as different as candies and atomic bombs. But the elder language really used, in English as well as in German, the word "bread" for "work" and e.g. called the workers "breadwinners". The **intelligent** authors of olden times (Godwin!!) were not misled by this use of words, neither in England nor in Germany. (The "Landrecht" - - civil law of Prussia. published 1794, used the word "Nahrungslosigkeit" (Absence of food. - J.Z.), where we would say today "Arbeitslosigkeit (unemployment - J.Z.). But the old lawyers did not confound the notions. They demanded a great increase of the population and with good reasons.)

1

Very faithfully Yours signed: U. v. Beckerath.

3.5.1949.

Dear Mr. Meulen,

the dailies of Berlin report, that now artisans may apply for credits at the municipal savings bank or the People's Bank or the "Stadt-Kontor", a public commercial bank (All three and still today had practically nothing to do). The professional associations (Innungen) of the artisans must endorse the application. This is not very interesting, for I am convinced, that the granted credits will not be any more than a "drop on a hot stone" (Ein Tropfen auf einen heissen Stein). More interesting is the information, that the credits will not be given in cash, but the artisan must present his invoices - - say for raw material or coal - - to the bank, which pays it. The here applied principle of paying credits to the debtor of a bank is very good. The Public Insurance Companies of Prussia applied the principle for more than 200 years. A man, whose house is burnt down, does not receive the indemnity in cash, but the company pays his invoices (for bricks, architect, etc.) If Free Banks were established, they should apply the same principle. I know, that the American Building and Loan Associations also apply the principle. ("No cash-credits!") and have done so for decades.

Very faithfully Yours - signed: U. v. Beckerath.

U. v. Beckerath,

6.5.1949. Your letter of 1.V.

Dear Mr. Meulen,

index-money-people will centralise all that may be considered as monetary, granting of credit, clearing, issuing of notes. In the programmes published in Germany, there was demanded penal servitude for every man who would privately grant credit, privately clear debts or - the most horrible of all - - issues any paper which may serve as a

private means of payment. The effect would be about the same as if, by a central institution, the **air** were to be apportioned to men. The best of gods, the Indian Vishnu, would here fail. Within a few hours the human race is extinguished or the private supply of oxygen will be restored.

(That is somewhat exaggerated. Something almost as essential, the water supply, has often been nationalised or municipalised. That has led to dirty and unhealthy water in some cases, also to an insufficient supply, supply stoppages, rationing and also to much waste, largely due to an irrational "pricing" policy, but not to people dying from thirst in a few hours or a few days. One should not even malign the devil. The same applies to governmentally monopolised electricity, gas, coal and oil. A few extra deaths have resulted, in deed, due to insufficient and wrongly priced but I doubt that e.g. any wars have really ever been caused by the desire for exclusive possession of oil resources, as has so often been suggested, by those who do not bother to learn about all the other factors that make for wars. - J.Z., 18.1.03.)

Concerning Mutual Banks our opinions are probably still closer together than it may seem due to my bad English. To **begin** such an action a large employer is certainly more suitable than a small butcher, baker or tailor. There we agree completely. But: Where can one find the large employer?

Certainly, shopkeepers will be more ready to accept notes (or "clearing-certificates) of a Mutual Bank if the issuer is ready to exchange them for either State-notes, or notes issued by well-known banks. **But**: The Mutual Bank - - being no prophet - - cannot promise to exchange its notes always and can honestly declare only: I exchange, if I **have** such notes. And if the shopkeepers hear that, then they will not with the same pleasure, but for the same amount, accept the notes and will merely ask: What can **we** do with this means of payment? If enough workers of factories or employees or artisans etc. are ready to accept the notes as a means of payment for wages, then their employers are ready, too, and the shops will not stand back. I admit, that for a place like London it may be a difficulty, if the places, where the certificates **must** be accepted at par, are very distant from all shops which will accept the certificates without obligation. But that difficulty will hardly exist in small towns or villages. That is also the opinion of W. B. Greene. To start the Mutual Bank in a small town is best.

(Note by J.Z.: At least all cities that host many tourists are by now familiar with numerous exchange offices or banks displaying their exchange rates for foreign currencies. Such markets will also very soon develop when there are competing local currencies. All retailers will be aware of these exchange opportunities for notes accepted. May be each morning, they will get by e-mail the latest exchange rates and have them displayed at all their payment points. If their customers pay with cheques or credit cards, then the providers of these accounts will deal with the variety of exchange media of their account holders and with varying exchange rates. In large towns the various local issuing centres and their associated retailers will tend to mutually accept at least some other local currencies - and frequently exchange them. That will also provide an additional spur for sound competition. In Australia, for instance, Woolworth and Coles are among the top chain store retailers, strongly competing against each other in the range of goods, their quality and their prices. If they mutually accepted their notes and exchanged them, they could get a very accurate daily indication of how they are doing in this competition. If e.g. Woolworth, would receive more Coles notes than Coles could offer in Woolworth notes in exchange, then Woolworth would immediately know that at present it would be ahead in this competition, i.e., that more customers want to buy at Woolworth than at Coles stores. And vice versa. The one temporarily behind would trace the causes of their declining success and remove them fast - for the ultimate benefit not only of themselves but also of their customers. - J.Z., 18.1.03.)

Greene says, that if a Mutual Bank is established at **one** little place in the world, then, at last, Mutual Banking will soon be the normal kind of banking in the whole world.

Greene would certainly agree, if one proposed to him to establish an issuing bank by a private banker, provided that the banker's debtors would be **obliged** to accept the notes (certificates) at par, as long as they are debtors. that is Greene's essential principle. The legal basis - - private banker - - cooperative - - joint stock bank - - is not without importance but is not decisive. For Germany, India, Italy and China the cooperative basis would be best. In other countries other legal forms.

I believe that if average butchers, bakers and tailors will not accept the notes, the workers' cooperative stores will accept them. Probably the cooperative store will say: If I am to accept the certificates, then I will also be the issuer and lend the notes myself to employers. They might say to themselves: Why not become **the** banker for wage-payments of the community if private bankers, shopkeepers and businessmen distrust the institution. (They will not be easily convinced if the matter is not started at a little town, where the way of circulation is a priori quite clear, so

that even an average storekeeper can understand it. The greater the want of judgement of average shopkeepers etc. is, the greater will be the transition of trading and, at last, even of production, from individual private enterprises to cooperatives. Cooperative business would never have come into existence if private enterprises would have been as intelligent and active as were the founders of the cooperative movement. But they were not, and this lack should not be an obstacle for issuing notes on the then remaining basis.

Paying wages by certificates valid at the employers own shops - - here we completely agree - - is an excellent means to secure employment and to emancipate employer and consequently employees from block-headed banks. 70 years or so ago, some great factories, such as Krupp at Essen, paid a part of the wages in such certificates. In South America the great Mining Enterprises still do so. (At Krupp the store did formally not belong to Krupp but to the cooperative of Krupp's workers. In practice that is of no importance.)

(Note by J.Z., 18.1.03: I think it is. That would reduce the opposition of trade union workers with a class-warfare mentality, who would interpret employer-owned and run shops as "double exploitation". Compare their centuries of battles against "truck shops" and "truck-payments" or "truck tokens". If, instead, they come to run not only their consumer cooperatives but also cooperative bank, for these consumer cooperatives, then they could become the bankers, the money-**providers**, for many of the current production expenditures of their employers, which amounts to a very great transformation from being merely the **recipients** of government money somehow provided by the employer. Thoughtless recipients of pay-packets of employers do never bothers their minds about **how** the employer transforms the goods or services he produces into money and what obstacles he did so far encounter in this endeavour, which often forced him to lay off workers. At other occasions B. himself stressed that point. Perhaps here, as an argumentum ad hominem, he did not. M. might have been opposed to cooperatives, as many small businessmen and investors are.)

70 years ago, the employers had better views about currency than they have today. However, when in Germany the various laws against private currencies were started, not a single employer protested. To tell the truth: The workers, whose vital interests were still much more violated, did not protest, either and about 9,999 among 10,000 did not take notice of these laws.

(J.Z.: Most modern money reformers don't, either and imagine that they are free to act in this sphere with their "creations" They even propose new laws for monetary despotism, unaware that they do already exist! - Some even imagine that present bankers are free to "create" money and credit and that they "abuse" these "privileges". It's almost a permanent "Olympics" on who can provide the most absurd and at the same time the most popular ideas in this sphere. - J.Z., 18.1.03.)

Let me remind you that Z a n d e r wrote an excellent pamphlet (translated into English) on railway-money, where he explained the same principles as you do, but starting from a very different point. The agreement between your views is very remarkable and proves that the currency question, seized at **any** point, and then logically dealt with, leads always to the same right solution. The solution may appear under different economic or legal **forms**, just like the philosopher's **substance** appears under millions of forms and yet remains always the same substance.

I find interesting your communication about interest charged by the old Scottish banks. In Germany the bank charges for "Bereitschaftskredite" (Readiness to grant credit. - J.Z.) about 2 - 3 % p.a., and when the customer of the bank really takes out, a part of the "Bereitschaftskredit" (L 1,000 in your example) then the rate of 2 - 3% is raised to, say 5% or 6%. The interest for the L 1,000 only placed at the disposal of the customer, but not yet actually borrowed, is here called "Bereitstellungs-Provision", which Dobbeck's "Fachwoerterbuch" translates with: "stand-by commission".

What concerns my friend, the Dr. Unger, he was one of the most extraordinary men I ever met. He was an excellent psychologist and, certainly, was much less frequently deceived than businessmen unavoidably are. But for his requirements the number of his disappointments was sufficient. We deliberated about a detail of the Four Bills. The detail was: Should debtors of a clearing bank be charged with the obligation to accept the banks notes at par? He and I, we pleaded for this obligation. The others meant: The debtors own interest will induce him to accept the notes. Also, that a verbal obligation would be sufficient. The formal and actionable obligation would raise difficulties in winning customers. Unger's opinion was: I trust in what I can take legal proceedings for. W. B. Greene's opinion on this point - - obligation to accept the notes at par - - was, obviously, the same.) I think that here he did not judge the character of businessmen but wanted protection in case the proprietor changed, etc.

"... run a bank by a committee". Where private banks do the business as well as mutual banks do, committees are superfluous.

But: If

- 1.) the public's trust can only be won by the bank's obligation to be controlled by a committee (which in Germany would be the case),
- 2.) private banks, willing to perform an honourable issuing business, cannot be found (in Germany such private banks very probably will **not** be found), then the bank must be run by a committee, as the thousands of "Spar und Darlehenskassen" or "People's Banks" in Germany now are.

Moratorium. If my shopkeepers must accept "my" notes at par and at any time without moratorium, then they cannot become bankrupt by this obligation. In very extreme cases, they may get their shops emptied. Why not? If the public buys with government notes, is then the possibility of getting the shop emptied less given? What do governments regularly do at the outbreak of a war? They proclaim: A shopkeeper who hoards commodities and will not sell them for local currency, will get arrested and will have his shop confiscated. Nobody thinks of granting shopkeepers a moratorium concerning State notes or gold coins. Why grant him a moratorium concerning the notes of a Free Bank? (Mutual or Scotch system.)

The thing still has another side: If the shopkeeper is relieved from his obligation to accept the notes of the bank, whose debtor he is, then the notes will at once fall from 100% to 1% or so. If that happens, then the bank is unable to grant fresh advances. That means, in these cases, that the workers cannot be paid. No worker - - and here he is perfectly in the right - - will accept notes that are quoted at 1 % at the market and with which he is unable to buy in the stores.

Is that a better condition than that of that where at some stores the shelves become empty? And more: In times of war the commodities are really better stored at the private households than in the shops. But if the shops are really **so** empty, that the people can no more be supplied, then the war is already lost, and the government must apply for peace.

Another situation is given if the shops are empty but at another place - - say the wholesalers - - the wanted commodities are stored. Then the commodities can be transported, although, perhaps, with difficulties.

If the currency of a country is provided by Free Banks, then the length of the wage-period will determine the quantity of the currency required. A Free Bank would grant an employer an advance for a week's pay to his workers. Then the employer will apply to the bank 52 times a year. The amount of wages in Germany was, in 1928, equal to 42,000 million RM. Then the normal amount of circulating currency would have been $42,000 : 52 = 808$ millions of Reichsmark. The really circulating currency amounted to 6,590,5 millions of Reichsmark in the average of the year. (Statistisches Jahrbuch fuer das Deutsche Reich, Year 1930, page 348.) The value of all commodities ready for sale was, at that time in Germany, about 30,000 millions of RM. Now the situation. A great part of the circulating money would, at the outbreak of a war, be carried, at once, to the shops. Perhaps half of it, say 3.3 milliards, that is, about the tenth part of all commodities waiting for sale. But how much currency could be taken to the shops if the whole amount of the circulating money would have been merely 808 millions or even double that amount? After inspection of such numbers, the danger of a complete selling-out can be estimated to be rather trifling. (The figure of 30,000 millions was estimated, in about 1930, by Professor Hirsch, a very able economist.)

That the establishment of Free Banks must considerably reduce the quantity of circulating currency is not yet sufficiently considered.

My friend Unger estimated that after the establishment of clearing banks, issuing standardised clearing cheques, the whole amount of currency would be about 3, 000 Millions. He said: Our Clearing Cheques will not be the only currency. Gold coins will circulate, and gold coins do not circulate as quickly as our cheques will. If only 2, 000 millions would be represented by gold coins (not much for Germany) then many employers are not compelled to apply for advances to pay wages. They get enough money by their usual business. (E.g. railways.) It will be a high estimate to suppose that for wages and other purposes the cheque-banks will circulate, constantly 1,000 millions. (Note by J.Z., 18.1.03: Constant new issues will occur because previously issued clearing cheques will constantly return. The individual clearing cheques will not circulate constantly but ever new batch of them will, as many of them as will be required, in free competition with other means of exchange.)

If the production plant, in the case of a war, does not furnish enough articles for day to day use, especially victuals, then the stomachs of the people will remain empty, whether the currency system is good or bad and whether a moratorium may then be granted or not. (A moratorium to shops would obviously **sharpen** the crisis, for if the shops get permission to retain their commodities, then the people will be badly supplied.) But if the production plants continue to operate, then a system which lets as few obstacles as possible appear between shops and consumers will fill the stomachs best and most quickly. That system is that of Free Banks without a moratorium.

(J.Z.: I think the term "moratorium" is wrongly applied here to goods, while normally it is applied only to due debts. The shops will be ready to continue selling for sound currencies, as long as they can expect to be rapidly re-supplied by the wholesalers and the same applies to the wholesalers, with regard to their supply by the producers. Of shop-foundation and service-foundation money, like debt-foundation money, naturally, never more can be soundly issued than can be covered by readiness to accept them for goods, services and due debts. The assumption that these providers and creditors will suddenly refuse to accept sound currency in payment, although that acceptance represents their very business and although the currency constitutes, directly or indirectly, their own IOUs or clearing certificates, is rather absurd. Bakers are in business to sell bread, barbers are in business to cut hair. They will not refuse what they have to offer. And they will not be entitled nor willing to refuse to accept their own money, issued by themselves or by their own bank. - J.Z., 18.1.03.)

Proposals of **Jacob** to return to a normal metal currency after an inflation:

Men who, at inflation times, are so block-headed as to put their money into their stockings, must suffer all disadvantages of the inflation and should not complain about an injustice. There exists a degree of stupidity that deserves **punishment**.

The proposals of Jacob have nothing to do with Free Banking. His advice is for the government only and its financial policy. Jacob says: If at the free market 10 units of paper money are equal to 1 unit of metal money, then it is always possible to replace the old paper money by an amount of new paper money 1/10th in amount, which will be accepted by the tax offices at par with metal coin. The proceeding is simple: All expenses are paid in the new paper money, and the old paper money is burnt after being received by the tax offices. Revaluation of mortgages must be a matter of special laws, **if** a revaluation seems required.

(Somewhere, he wanted to insert, indicated by a "+": "of the government." He did not indicate where! I presume it would fit, in the last paragraph, behind any of his repeated wordings: "paper money". - J.Z., 18.1.03.)

Very faithfully Yours - signed: U. v. Beckerath.

(**Undated notes that were inserted here.** - J.Z.):

An actuary whom I know is in connection with a contractor now repairing lodgings, roofs, etc. The contractor wants capital. The house owners cannot pay otherwise than in instalments. There is - - e.g. - - a lodging to be repaired, which would require 6, 000 marks. The house owner is willing to pay by 36 monthly rates. Without interest each rate would be = $6,000 : 36 = 166.67$ marks. If instalment periods are so short as here, then a small addition produces a very considerable interest. If, in our case, the instalment would be M 200.- a month, that would mean an interest of 13 % (about) p.a. Is It possible to use that interest to win people who lend the M 6,000? I think it should not be impossible. The contractor must open an office section for the acceptance of money in small amounts (say M 10.- monthly) and greater amounts. Then the business would, in come part, resemble the business of an English Building Society or an American Building and Loan Association. The contractor invited the actuary to help him, and the actuary invited me, knowing that I possess some knowledge of that kind of finance. Perhaps we will start something.

The chief danger is that banks pretend: You do not engage in authorised banking business, or that Bausparkassen" (a very evil imitation of Building Societies) pretend: you do unauthorised Bausparkassen-business.

Bth.

Dear Mr. Meulen,

you are so kind as to inquire whether I got a new situation. (job or position. - J.Z.) Until now I did not, but there is some hope for me to get the possibility to collaborate at a Berlin firm for some hours a day.

(Perhaps that refers to the above notes. Anyhow, Bth. was born in 1882 and thus already 67 then. From 65 onwards he was entitled to an old age pension. He applied rather later for it, since he was too busy, and then its payment was delayed, for the public insurance company did not find his documents. He had to help it out and found them, wrongly filed, under "Beckrath". - J.Z., 18.1.03.)

I am very curious what **Sanyal** will write to you.

Very faithfully yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

15.5.1949. Your letter of 5.5., received at 9.5.

Dear Mr. Meulen,

W. B. Greene asserts - - and I think with good reasons - - that a commercial crisis **must** from time to time occur where Free Banking is not in use. I admit that Greene did not demonstrate the lack of Free Banking as the **sole** cause of crises and others also did not demonstrate it, so that speculation as a cause of crisis, at the present state of economic science, seems not excluded. **But:**
how great is the part of speculation if a crisis breaks out like that of 1929?

That speculation sometimes causes losses to the speculators is natural. Also others than the speculators may fall, firstly, the speculator's creditors, the creditors of their creditors ("creditors of the second order"), etc. But it does not seem self-evident that these losses must cause unemployment and if unemployment is caused. that it must grow to dimensions as we saw in 1929, 1921, 1907, 1904, 1873, 1857, etc. Also, sometimes may arise a situation as at avalanches. It is said that a bird which touches a steep snow-field and pushes **one** snow-flake, may produce the greatest avalanche, which buries houses and villages. Such a bird is the *causa proxima*, but the real cause was the steepness (steep angle? - J.Z.) of the snowfield.

If 1929 in the USA

- 1.) Free Banking would have been in general use,
- 2.) All citizens, corporations, shops, etc., that is, every person (juristic or natural) would have ordered what they intended to consume for some months,
- 3.) the laws of the USA would have provided: debts may be paid by "local currency", if not, quite expressly, a definite means of payment - - gold coins - - state paper money - - is agreed upon, then all factories and artisans would have had orders for months and the great mass of the people would have had means of payment.

If this, my opinion, should be true, then the role of speculation at the outbreak of the crisis of 1929 in the USA was moderate and not decisive. Speculation was then merely the *causa proxima*.

If in times of a crisis a shop - - cooperative or other - - sells his whole stock within a few days, pays all its debts and possesses many customers obliged to buy at the shop, then every wholesaler will be glad to supply that shop. The contrary would contradict to all business-experience. The wholesalers will accept the means of payment offered by the shop, if thousands of workers of the town are ready or even obliged to accept that means of payment for the payment of wages. Why should they not? I believe that W. B. Greene thought of such possibilities when he wrote:

"The Mutual Bank is like the stone cut from the mountain without hands, for let it be once established in a single village, no matter how obscure, it will grow till it covers the whole earth."
(It is obscure to me what he means but a "stone cut from the mountains without hands". - J.Z., 18.1.03.)

Duty.

Ah - - Montaigne - - I must confess that I did not read much of him. Before the war I bought, for a very moderate price, his collected works in modern French. But before I could study them, there came the English air-fleet (about 900 aeroplanes) and burnt them on the 22nd of Nov. 1943, sincerely convinced to contribute to England's glory and welfare.

Montaigne is one of the few authors who, in their whole life, did not write one false sentence and yet never produced self-evidences (self-evident truths? - J.Z.), but every word is worth reading. Do not compare my modest quotations with Montaigne's style.

You say: "Thus duty binds a man to do certain acts, whether he things them desirable or not. This is the essence of slavery."

Is it????????

If a man is bound by **duty**, he will perform it, whether the performing is **agreeable** for him or not. (Let us later discuss the case where the act seems desirable.) It is not a person who imposes upon him his duty, but his own sense for duty imposes it, even if he obeys as an employee, as a soldier, etc. The orders of his superiors are merely the *causa occasionalis* to perform his duty; the *causa efficiens* is his own nature, combined with every living being's necessity to act. The situation of a slave is very different. A slave has no duties at all. What is called his duties are incumbrances. They cease, once the power of the person, who imposed them, ceases. He may slay the slaveholder without reproach, except the reproaches of other slaveholders or persons who defend slavery. Insofar Badcock's book-title is not well chosen. (At this opportunity: the man related by Tucker was named Babcock; I confounded the names.)

Please reread Shakespeare's Henry VI, First Part, Act IV, Scene 5. Young Talbot, knowing nothing than his duty, speaks to his father:

"Is my name Talbot? and I am your son?
"And shall I fly? Oh, if you love my mother,
"Dishonour not her honourable name,
"To make a bastard and a **slave** of me!"

So far was Shakespeare, who **knew** slavery, slaves and slaveholders from combining the notions of **duty** and **slavery**.

Duty is in most cases altruistic, but not in all. Old Talbot makes clear to his son, that the army will be lost, whether he dies with it or not, so that his sacrifice cannot be considered an altruistic one. Nobody will have an advantage from him performing his duty than the foe. But young Talbot does not hesitate a second. Young Talbot, not less witty than noble, proposes his father to fly together, it really there was no duty to remain at the lost army. Talbot answers:

"And leave my followers here to fight and die?
"My age was never tainted with such shame."

The scene reminds me the old English marine rule, now adopted by all civilised nations: "Women and children first!" And the other rule: "The captain leaves the lost ship as the last". How many captains obeyed these duties, although it was their certain death and they could have saved themselves easily and, perhaps, could in this case have helped the women and children gone off in the first boat? But, silently and without hesitation, they choose the side of honour and duty, proving that performance of duty has nothing to do with **pleasure**, which in such cases was certainly less than zero. And reputation?? If the crew was saved (it!) or the passengers were saved, some of them would sometimes remember: Oh - - capt'n Smith - - he had his weak points - - but he knew his duty - - honour to him! And some years later Smith will be forgotten even by his family. If Smith represents that to himself (and in some cases he will do so) then reputation will be a weak motive for him.

(Note by JZ, 19.1.03: I think the analogy limps. The ships sinks, mostly, due to a force of nature. In battle the enemy is a human foe. To save most of the remaining men, young and old Talbot might have ordered them to surrender. Once this was done, they might still have tried to save themselves from captivity, by fleeing. Or they might have felt duty-bound to stay with them, in order to negotiate better treatment for their men as prisoners.)

Darwin investigates the connections of duty and pleasure and is wholly on the side of Kant. At page 120 of the second edition (1896) of "Descent of Man", Darwin says:

"Under circumstances of extreme peril, as during a fire, when a man endeavours to save a fellow-creature, without a moment's hesitation, he can hardly feel pleasure; and still less he has the time to reflect on the dissatisfaction which he might subsequently experience, if he did not make the attempt. Should he afterwards reflect over his own conduct, he would feel that there lies within him an impulsive power widely different from a search after pleasure or happiness; and this seems to be the deeply planted social instinct."

The further remarks of Darwin reveal the profoundness of his thinking; they are true philosophical revelations. I do hope that you will later reread Darwin.

Darwin and you agree that the sense of duty, in the last resort, is of a social nature. But - - here, in conformity with Darwin (and Kant) - - I would not derive the sense of duty as a special case of the general sense for pleasure. I agree with you, that even in the case of Robinson the sense of "duty to self" is of a social nature.

Kant explains to us, that the individual is merely the "fulguration" of something behind his temporal appearance and that this unknown being is common to all individuals. So the sense of duty to self may be as well an individual matter as a social one. That applies also to "Selbstzufriedenheit", although it is not founded immediately on the pleasure in one's reputation.

Some days ago I visited the American Information Centre, Kleist-Strasse. There I found on the shelves "The Quest for Moral Law" by Louise Saxe **Eby**, 1944, Columbia University Press, New York. The book contains a chapter "Kant's Construction". My first impression - - of course - - was: How may a **woman** dare to write about such a subject and even about **Kant**!! But I was corrected in the most agreeable manner. The book is excellent and the author understood Kant completely, although she did not in all points agree with him. Miss Eby must read German as well as English. The chapter contains no more than 23 pages and I might recommend it to all who have no time or no opportunity to study Kant himself.

Drinkers. I knew drinkers that were far from meaning that the bad head had to do something with the ethics of drinking. They **must** drink and drink without pleasure, although with eagerness. Here are abysses of the human mind which even philosophy cannot quite light up.

Arithmetic. In teaching children arithmetic we **confirm** the theoretical constructions by experience. But the 100 % conviction, that the constructions never will be refuted by experience, cannot be taken from experience. Experience can make a sentence **probably**, even extremely probable, but can never give absolute certainty. But what concerns arithmetic, we are absolutely certain. Why? Before Kant no man asked that. It was a question such as the question of men, who saw the mast of a ship disappear behind the horizon, without the appearance of the mast becoming less clear. And if they climbed up to a cliff, they saw the mast reappear for some seconds. **Why??** they asked, and found the answer: Earth must be a globe, may priests tell us what they like! So Kant derived from the conviction of absolute certainty of mathematical sentences, high over all probability, a quite new science, even now only known to very few persons.

You write: "... when one has long found pleasure in certain acts, one tends to do them without reflection." That's true. But it proves that actions and especially actions of duty may be performed without the expectation of future pleasure. Darwin says the same.

Time and space. Nothing metaphysical in them ????????????

That there is **much** metaphysical in them is made clear when, in certain observations (Society for Psychical Research, Meyers), time or space or both are broken through. Prevision certainly does not **annihilate** time. There you are right. But it breaks it and sets it aside. That is a dismal thing. The cause is still obscure, but as much seems certain: If time and space would be qualities of the things themselves, then previsions would be impossible.

Blockade of Berlin. As you will have read, the Russians permitted 16 trains a day and a number of autos. That is by far not sufficient for the transport of coal and raw materials. Also the brave air fleet continues to supply us and no flight is superfluous. The impression here is: The anti-blockade was very inconvenient to the Russians. (Even he did sometimes not distinguish, while talking or writing letters, between "the Russians" and numerous other

suppressed people in Russia, and the Soviet Regime. - J.Z., 19.1.03.) Before the blockade, they got from the Western zones e.g., turning lathes, chemicals and all what is necessary for the next war. Suddenly they missed that. But now they supply their ammunition factories as before, and once their atomic bombs are ready (1951 or so) they will attack. A pretext will very easily be found.

(J.Z.: Well, like all other people, a truthful prophet he was not. The Soviet Regime did likewise assert: The Western Imperialists intend to attack us! But the West, too, largely confined itself to the mass production of nuclear mass murder devices. Even this, naturally, did not favourably impress the people suppressed by the Soviets, because, obviously, they, not their despotic rulers, were considered, by our governments, as main targets in the next war. - Liberation was obviously not the aim of the Western Allies, either, judging by this armament effort. Likewise, the Soviet "nuclear strength" did not promise liberation to the supposedly exploited and suppressed "proletarians" in the West. These to me obvious contradiction, between declared intentions or policies and practical armament actions, were, to my knowledge, never sufficiently and publicly discussed. Oh, with how much immorality and stupidity this world is governed, everywhere! Even now, only a "war against Iraq" is officially contemplated, not a commando strike or police action against **Saddam Hussein!** Occasional talks about the need for a **regime change** and for the **destruction of mass murder devices in the hands of despots**, cannot make up for this. One does not need an army or an invasion to capture or kill one person. As if there were no moral and rational differences between wars and police actions. Naturally, bureaucrats are unlikely to find his hidden mass-murder devices and he benefits from the nationalism provoked by war threats against a country and all its diverse people. - As for East-West trading: At least some "strategic goods" were restricted. - J.Z., 19.1.03.)

Konjunktur. In the year 1928, when the sum of the incomes in Germany was about 80, 000 million gold marks and the sum of wages 42, 000 million gold marks, unemployment was trifling and no cloud darkened the horizon of business men, they said: Wir haben eine gute Konjunktur. 1932 they said: Die Konjunktur ist so schlecht wie sie nur sein kann. So the word is now used as a synonym for "economic situation". Langenscheidt's "Handelswoerterbuch" translates Konjunktur = turn of the market, crisis, emergency, juncture (of affairs); trade outlook, prospects (state of the) market, guenstige Konjunktur = favourable opportunity; steigende Konjunktur = upward tendency; Konjunkturgewinn = profit by a rise in the market; Konjunkturschwankung = fluctuation of the market. Konjunkturverlust = loss owing to a slump (of the market).

The terms "crisis" and "emergency" seem to me not the best translations. At the moment, I do not remember a case where I would have translated "Konjunktur" by "crisis" or "emergency". "Gute Konjunktur" seems to be exactly what the Americans call a "boom".

In the work "Standard Figures for Industry" by Prof. Julius Hirsch, Copenhagen 1940, I find in the "Index": Conjunctures see Business cycle.

Very faithfully yours - signed: U. v. Beckerath.

Attraction correlated to pleasure and repulsion to pain.

I am far from rejecting these correlations, advocated in Antiquity as well as in modern philosophy. Schopenhauer thought, that the theory must be extended, and that very many elements besides attraction and repulsion must be admitted as such, not reducible to other elements. (Light, sound, elasticity, chemical affinity, the organic forces, the latter including the metaphysical background of the species.) Schopenhauer thinks, to give an example, that elasticity is correlated to courage. Elastic substances drive away the invaders. Non-elastic ones do not. Schopenhauer thinks - - as old Indians - - that the moods in animal bodies are correlated by species of animals. Kant seems not far from the same view. In his little book "Von der Macht des Gemuets", he thinks it probable that the feelings connected with digestion are in a secret way connected with the existence of **worms**, of which our bowels are a special kind of appearance.

"Darkness there, and nothing more."

Bth.

U. v. Beckerath, ...

16.5.1949.

Your letter of 5.5., received 9.5.

Dear Mr. Meulen,

let us distinguish two kinds of a crisis:

I.) a crisis by monies becoming worse, especially by inflation, the word taken in the sense of 1913. At such crises your observation, that goods tend to rise in price, holds good. Inflation is often welcomed by the people, because in their beginning they reduce unemployment.

"Den Teufel spuert das Voelkchen nie,
"Und wenn er sie beim Kragen haette."
- Goethe, Faust.

(The devil is never felt by the people,
even if he has them by the throat.)

II.) a crisis by an elevation of the money's value (increase in the purchasing power of money), e.g. by a general hoarding or other causes of deflation, the word also taken in the sense of 1913, when it meant that money became more scarce than before. But in such a crisis prices fall and yet people don't buy.

If in such a crisis "mutual" shops would exist, they would get a "boom", simply because there the means of payment is not **money** but standardised cheques. These cheques are subject to the general distrust - - perhaps - - and because of the distrust the people will get rid of them. The only possibility is to bring them into those shops, which are obliged or ready to accept them as money. Concerning the other shops: Their customers trust their money more than the goods in the shops, ready for sale. Therefore, these shops sell little, cancel their orders at the wholesalers, and these cancel their orders at the factories. Then the factories dismiss the same people that trusted so much in their money and would not buy. Here, too, Goethe's word holds true:

"Den Teufel spuert das Voelkchen nie,
"Und wenn er sie beim Kragen haette."

(The devil is never felt by the people,
even if he has them by the throat.)

That the USA demands repayments from England is unjust. The war was America's war no less than England's. If America would not have entered into the war, Hitler would have occupied England, would then have commanded the labour of about 300 millions of men, would have completed his friendship with Stalin (is it quite forgotten?) into an alliance and than the USA, with its 130 millions of inhabitants, would have stood against 500 millions of subjects. Japan would have come from the West and Hitler from the East. The most favourable case would have been a thirty-year war. But America entered into the war and Hitler was crazy enough to invade Russia.

If gold clauses in England would be permitted then the USA (where they are prohibited) (J.Z.: Rather, its subjects! - J.Z.) would find ways and means to transport capital to England and lend it there to agriculture and other industries. The confidence, that the gold clause would never be repealed, would much strengthened if standardised gold ingots (privately coined) were permitted to circulate freely. Why shouldn't they? The possibility may be easily derived from the old Chinese Tael-Currency - - a mere private silver standard.

A theoretical remark:

Often the **division of labour** is exemplified. 100 Persons go to the wood, collect berries, etc. every person for himself. Very impractical. Then someone invents the division of labour. But the inventor overlooked, that in the individual collection there was an element of the greatest economic importance, one which must never be excluded by the division of labour and really can easily be maintained: The certainty of "sale", even if the "sale" may merely be a sale to the collector himself. Why eliminate the certainty of "sale" after the division of labour? Because the division of labour? Because the division of labour is essentially a **technical** process, easily conceived by average men, and the maintaining of the certainty of sale is a social, juridical and by that a mental matter, very difficult to be conceived by average people?

That the individual collector consumes (sells to himself) the berries is a "duty to self", although he does not become aware of it. That duty becomes a duty to others after the division of labour. Then the problem arises: In what forms is that new duty to be expressed?

By the way: here Kant's statement: Duty to self and duty to others are not essentially different, is in a simple manner verified, and - - I think - - convincingly so.

From the division of labour follows that every producer must **order** the product of other producers or the division of labour is not complete. Reflection teaches that the notion "division of labour" is not well constructed. In truth labour is not divided but the whole economy of the community is organised. Organising the producing as well as the consuming faculties of man, that is the problem.

(J.Z., 19.1.03: More accurately, perhaps: Freeing the exchanging as well as the producing capabilities of man, that is the problem. But that would not clearly express what he meant by "organising consumption": Making sure of production as well as sales through orders for wanted goods and services, instead of **always**, relying merely in

production for and consumption through current prices, with no one being obliged to deliver and no one being obliged to buy. How far should the "order system" be extended beyond the present practices? Would it still be as advantageous, even for other goods than certain capital goods, once full monetary and financial freedom is achieved and every aspect of it is fully revealed by publicity? I am still in doubt about it. Beckerath, as re-discoverer and developer of the "order system", was not.)

Marx had a vague idea of that when he remarked, that consuming is a part of production. He should have said that both are merely the two sides of the economy, both of which need an organisation.

If men are to stupefied to perform themselves the organisation of consumption (distribution or exchange - J.Z.). then it is unavoidable that the government organises it. The effect is seen in Russia and some other countries. But ordering the products, which a man intends to consume, is setting private planning against State planning. Its superiority will prove to be as great as the labour of free men proved to be compared with the labour of slaves - - a superiority so great, that intelligent slaveholders voluntarily gave freedom to their slaves and concluded contracts with them. (Introduction of the "mezzadria" in Italy.)

I know only of two men who conceived fully the importance of ordering. One was an English worker who wrote a letter about ordering to Robert Owen, which Owen published in his "Crisis". (I mentioned that in one of my letters to you.) The other is Adolf von Elm, who died in 1917, one of the managers of the Insurance Company "Volksfuersorge" in Hamburg, whom I knew personally. (The Volksfuersorge was founded by the trade-unions and the cooperatives - - each spent 500,000 Marks - - in 1912. I worked there for a time in the mathematical office.) Von Elm proposed the following way: The cooperatives should win as many people as possible, so that they controlled a great part or - - if possible - - the greatest part of the social product. Then they should acquire the factories of the country. If that would be achieved, production and distribution would be brought under the same hat". Commercial crises would then be impossible. (J.Z.: Apart from the involvement of coops, this seems hardly different from the central and coercive planning of the Soviets. Were production for and purchases on the market, free pricing and contracts to be outlawed, just to bring everything under the one hat, that of an economic Czar or Central Committee of Cooperatives? - J.Z., 19.1.03.)

Von Elm was on the way to conceive the whole of the situation. Premature death prevented him from publishing his ideas. (He was a simple tobacco-worker and ended as a profound economist.)

Malthusianism. The "New Generation" agrees with Professor P. K. Whelpton, who "stated" in 1930, that for the USA a population of 100 millions there would live better than a population of 150 millions. He "stated" that, although American agriculture always cried for **more eaters** and was in the right. If the USA had 500 millions of inhabitants - - which they could nourish easily - - they would say to Russia: Disarm within 2 months or we occupy your country! And the USA **could** have 500 millions today. Malthus is the Soviet's best Ally.

Very faithfully Yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

17.5.49.

Dear Mr. Meulen,

from the Number of March, 1949, of "The NEW GENERATION", I learn with pleasure that the Malthusians now begin to tackle their problem in a really scientific way, that is to put the question:

What population would be the **Optimum**? Really, that is the only problem. Malthus himself did not yet see the things from that standpoint. If both parties, Malthusians and anti-Malthusians, impartially discuss **this** question, then they must meet at the same point.

Meanwhile, the question may be discussed: What will be the Optimum for **England**? Muriel I. Whitefield writes a letter to the Editor wherein she reports, that an orator of the Socialist Party, at a meeting in Glasgow, spoke of 60,000 millions, the Optimum for England.

The area of England, Wales, Scotland, Northern Ireland, the Isle of Man and the Channel Islands is 94,284 square miles. Let me add the area of the Irish Free State (Don't know why they call it a **Free** State) = 26,592 sq.m., together 120,876 square miles.

Let us suppose that area would be populated as densely as the great cities are - - London, New York or Berlin or so - - whose population will be about 10,000 inhabitants per square mile. Then the technically possible maximum would be 1209 millions of inhabitants for Great Britain and Ireland. (The Glasgow Socialist reckoned 60,000 millions. It seems that he was trained in Moscow, where some hundreds of millions more or less are of little importance.)

Is it possible to imagine - - without being subjected of being crazy - - that such a state (or nearly such a state) would also be economically possible, and if, that such a state would be advantageous for England's population?

Perhaps it is less impossible than many do think today.

Firstly, it must be taken into consideration - - what Malthusians never do - - that **Free Trade** may supply a community with all that the community wants, provided the things it wants do exist. Certainly, the food etc. for 1.2 milliards of men exist and could easily be transported to England, even at the present state of technology. The difficulty of transporting the "waste" of that enormous town **from** England. But long ago it was proposed to accumulate the presently (that is meant for the time of the 19th century) produced waste at that point of the Eastern coast, where it is flat and there to win every year some square miles of fertile land. What possibilities do exist there is proven by the Berlin irrigated fields and sewage farms. There were, in 1938, 12,594 hectares and each hectare absorbed daily, in the average, 59 cubic metres. (1 hectare = 2.471 acres = 0.003861 square miles; 1 cubic metre = 35.31 cubic feet = 1.308 cubic yards.)

Other possibilities of getting rid of the waste were proposed, and there is no real technical problem.

Some people forget that, e.g., **rice** at London is always cheaper than in any part of India, for very simple economic reasons not to be explained here.

Some people forget also that from the times of old Egypt to our times, it never has been a problem to **get** victuals, but to get victuals **sold**. It may have been a problem for individuals without money or other good means of payment. But for **nations** it never was a problem, to get more food than the men wanted, so that horses, dogs, parrots, etc. must help to consume the abundance of food. I admit that for nations, punished by heaven with foreign exchange regulations or government plans, food importation problems do arise. But such nations may help themselves in a similar manner as some Polynesian tribes do if their chieftains misuse their right of "taboo". Vast fields are sometimes withdrawn from cultivation by the "taboo", because the chieftain saw there, in a dream, the gods dance or, perhaps, his favourite woman liked the field for a playground to amuse her little favourite pig. Then the tribe invites the chieftain, in the most polite manner, to ascend to his brethren, the gods, and, if he hesitates to cut his throat, they assist him with their clubs. Exchange regulations or government supply plans are merely modern forms of taboo and should be treated in the good old Tahitian manner.

Free Trade and Free Banking combined could nourish even a multitude of a milliard of men in Great Britain and Ireland.

Suppose that the country would be so well populated. What possibilities would arise?

Firstly, Great Britain could dictate a world peace. She could then prohibit atomic bomb fabrication or reserve it to Great Britain. She could also command that aeroplanes should not be manufactured at any other place than Great Britain. She could prohibit loudspeakers in the whole world and so save culture, threatened by radio no less than by atomic bombs. Oh - - what could Great Britain do, if **so** well populated!

If the present population - - roughly estimated at 50 millions - - will, contrary to Malthus, multiply itself at a rate of 5 1/8 % annually, in 60 years the number of 1 milliard is attained. The rate of 5 1/8 % annually is **not** fantastic, as Malthus proved by many examples, confirmed by modern experiences.

What would William the Conqueror have answered, if one would have told him that, some hundred years after him, the capital of England would have about 9 million inhabitants who, before they got a planning government, lived better than his subjects did, in the average, although they amounted only to about 1 million?

You read in your papers what the Soviets are now doing. If they continue, then in a few weeks the blockade is restored, but the counter-blockade will, very probably, **not** be restored. The whole West now eagerly supplies the Russian ammunition factories and will do so until the Kremlin begins (perhaps not declaring it) the war.

And then the population problem of the world will be solved in a manner by which Malthusians will be delighted and it will happen because Russia never believed in Malthus and now has 200 million or more inhabitants and will,

tomorrow, command 450 million Chinese and their labour, and her number of men, fit to bear arms, will increase by about 1 million or more Russians every year.

Malthus is the Soviet's best Ally, and they know it.

Very faithfully yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

19. V. 1949.

Dear Mr. Meulen,

in his work "On the Origin of Species etc." **Darwin** confessed himself a Malthusian and pretended that his theory would be an application of the Malthus doctrine to biology. **Here** the great man was mistaken. His theory has nothing to do with Malthusianism.

If an animal or a group of animals of the species A chases another animal or a group of other animals of the same species A from a place, fit for gaining food, and now the chased part must starve, then the occurrence is certainly of a kind which Malthus would have considered as normal. But it seems, that such occurrences are rare, and at least their influence on the variation of species is not great. The normal thing is, that the chased party leaves the realm of the victor and seeks another place, perhaps less fit for gaining food, perhaps more fit, the latter depending upon chance.

But what Darwin called the "struggle of life" is an occurrence of a very different kind. The scheme of this struggle is:

A species A is chased by a species B, say cattle by lions. Then those kinds of cattle have the best chance to avoid being eaten by the lions, that run quickest, that perceive the lions in time, or in the case of the African buffalo, keenly use their horns, which the lion fears and avoids by speedy retreat. In such a struggle it may occur that for centuries not one individual of the two species dies by **hunger**, and yet, at last, the one species is simply eaten up and disappears from earth's surface. Perhaps the Mammoth was exterminated in this way, by the ancestors of man and yet neither one Mammoth nor one of our ancestors starved. Nature proceeded as the old Caesars did with the gladiators. They fed them all well (very well) and then let them fight exactly to let only the most fit survive. The fights of the gladiators were a struggle for life, but had - - of course - - nothing to do with starvation. I regret that the "Origin of the species etc." belongs to my burnt books. If I had the book at hand, I would be able - - I hope - - to mark for you many passages where Darwin describes struggles not for the same quantity of food, which the struggling beasts desire, but simply such as between cattle and lion, man and mammoth.

Concerning the case of man, Malthusians seldom (or never) distinguish between people that live by chasing or fishing and others that till the ground. Hunters and fishermen diminish the stock of food by their activities or "production", while peasants augment it. Also hunters and even cattle-breeders suffer from time to time by epidemics among the beasts. A people of farmers, who conserve a food stock for two or three years, has little to fear (except lords and other gangs of robbers. - J.Z.). (It's amusing to learn from **Gibbon** that the great events of history - - e.g., the migration of nations, are caused by epidemics among cattle, which compelled the cattle-breeders to rob the grain of their agricultural neighbours. (If they could - - sometimes the rulers of the grain producers understood the science of war and then things developed badly for the invaders. Josuah 17,16.)

Darwin says in the Descent of Man, page 44 of the 2nd edition:

"The primary or fundamental check to the continued increase of man is the difficulty of gaining subsistence, and living in comfort".

That is what Malthus often repeats. Neither he nor Darwin give **one** example of an agricultural people which, by continued increase, experienced difficulties in gaining food.

But for the contrary both would have been able to give examples, that is: If certain degree of wealth is passed, then the fertility of man decreases to a surprising extent. In all parts of the world the **very** wealthy families become extinct, although they may exist for a time by adoption. **Here** lies the true problem of population.

Invent something that the wealth, produced by technology, Free Banking and Free Trade, may not diminish the number of man.

Very faithfully yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

19.V.49.

Dear Mr. Meulen,

how long should England multiply the number of her inhabitants? I th(ink that? - right corner cut off! - J.Z.)
the answer is simple enough:

- 1.) as long, as in England herself the bakers try to win customers and the buyers do not stand in queues before the bankers' shops,
- 2.) as long as the producers of food in foreign countries compete to sell food to England, and England must not compete with other countries to get good from abroad.

Provided:

- 1.) normal world crops,
- 2.) Free Trade,
- 3.) Free Banking, also in foreign trade, so that the quantity of gold or silver in the world does not influence the exchange between England and the rest of the world,
- 4.) absence of war, revolution, state-planned economy and foreign exchange control.

Very faithfully Yours - signed: U. v. Beckerath.

21. V. 49.

Dear Mr. Meulen,

you will have read in English papers how the Soviets interpret treaty concerning the raising of the blockade. In a few weeks the blockade will be restored, but the counter-blockade probably not. That's what they want. Every day they invent a new vexation. They are excellent psychologists and know the point, where the other side would be tired of such procedures and would take countervailing measures, They never go pass that point but touch it every day.

Today railway strike in Berlin. The railway-men demand payment in West-mark. The railway (controlled by the Soviets) declines. Strike is a barbarous expedient. But what could the railway-men do?

Very faithfully Yours - signed: U. v. Beckerath.

Quotation about: 4 East-marks = 1 West-mark. Many things in the Eastern Sector really are much cheaper than in the Western Sectors, e.g. books. Some months ago I bought Kant's Collected Works at a shop in the Friedrichstrasse (Eastern Sector) for 75 East-marks. At a shop in the Western Sector I saw them for 100 West-marks.

Bth.

U. v. Beckerath, ...

28.5.1949.

Dear Mr. Meulen,

the Soviets' victory is pretty complete. The blockade in as good as renewed. Yesterday no train passed. Only 116 motor lorries, carrying 5 tons each, so that the supply was about 1/10th of that what was transported by the Air Lift. The post is blocked. Only air-mail transports pass. That is about one ton a day. The whole weight of mail transports is about 6 tons a day. About 6000 tons a day are transported by the Air Lift, and yet it was not yet "possible" to transport these 6 tons by the air lift too!

That is suspicious and it is the more so, as the freight space is only at about 90% used. Each aeroplane holds at least 7,5 tons, some 10 tons and some even 20 tons. And yet, in the average, a little more than 6 tons per flight are transported.

Next week electricity will be rationed again. Is not without advantage. The radio (noise - J.Z.) is then rationed too.

The strike of the Western sector's railway men is - - I think - - lost.

I proposed to railway-men I know to constitute themselves as a cooperative, take over at once the Western railway and beg the Magistrate and the (military - J.Z.) commanders to decide, whether

1.) the railway should remain a cooperative,

2.) should be taken over by the Magistrate,

3.) the railway should be taken over by the railway management of the Trizone. (American, English & French. - J.Z.)

My acquaintances were terrified as if I would have advised to commit a robbery. But when I told them: "Men - - you do not strike against the Eastern Railway but against Stalin! Use Russian methods or submit!"

They answered, they had not yet considered the thing from this standpoint.

I fear, the about 20, 000 strikers will all be dismissed, will be replaced by Eastern strike-breakers and, then are to go for their dole.

Very faithfully Yours - signed: U. v. Beckerath.

31. V. 1949.

Dear Mr. Meulen,

perhaps the English papers reported it too:

The "Tagesspiegel" of today reports, that since the 12. V. 1949 - - the day, which **should** end the Blockade - - the Russians kept back 3,456 railway cars. The number of cars kept back between June 1948 and 12.V.1949 is 5,512, together about 9, 000 cars. This means is as effective as immediate blockade and furnishes cars. The Eastern zone is not in a position to repair its cars, in the first place, because important materials are lacking and obtainable only from Western zone.

I think, Berlin is a lost town and also the greatest part of Germany will be lost. At the next war both will be erased. Whether the war begins tomorrow or in 1952 is not so important. The pleasure which the Germans escape is very moderate, but the evils, which they avoid, are great and felt daily quite intensely. But that the Soviet-system will be attacked, as long as the others still possess the monopoly of atomic bombs, that is (perhaps) important. It is important, provided that the coming generations are in some - - probably for all times not entirely understood - - metaphysical manner, connected with the present generation, the Germans included - - may the die-hards protest. If the war is deferred until 1953, then the Soviets will win the war and **then** Nietzsche's word will become true:

"Man is a skin-disease of the earth."

Very truly Yours - signed: U. v. Beckerath.

(J.Z.: As I said before, he wasn't a prophet, either. Not a monopoly for atomic "weapons" is wrong but their possession, by **anyone**, their construction and keeping them "in readiness"! Their targets are wrong. The motives for using them are wrong. Their finance is wrong, Their targets are wrong. Their enemy concept is wrong. Their power is wrong. Their use is wrong. Against whom, specifically, they are to be used and can be rightly and defensively used, without hurting anyone else, is never clearly stated! One cannot "attack" "systems" like the Soviet one with mass extermination devices. Any "attack" against them, really directed against that rule or rulership only, is an defensive, not an aggressive act. But any act against the internal victims of that empire **is** aggression! One does not weaken such a regime with nuclear threats or with the use of such "weapons". On the contrary, one strengthens them in that fashion, as far as the survivors are concerned. They would then really, and most of them for the first time, come to hate the Western "world" which would have done this to them. Most of them were victims, not victimisers within that "system" and they did not individually and freely choose it for themselves. After a nuclear attack against them, almost all will be potential terrorists, seeking revenge against "the West", also by mass murderous actions, also upon the "principles" of "collective responsibility" and territorialism. To call the Soviet regime or any similar regime a "system" does also pay it an undeserved compliment. - I agree with Nietzsche's remark only to the extent that I would reduce it to: "Statist territorialism tends to turn men into a pest!" Without it they might still have a glorious future ahead. - J.Z., 19.1.03.)

U. v. Beckerath, ...

1.6.1949.

Your letter of 30.5.49., received to-day !!!!!

Dear Mr. Meulen,

that is a bad piece of news to hear that you suffered a sharp recurrence of your stomach trouble with another ulcer. This second ulcer frightens me. But by good and proper treatment even such a dangerous thing as an ulcer may be conquered. (M. managed to survive to 1978. - J.Z.) Yesterday I congratulated my old friend Bernhardt, with whom I am acquainted for 50 years, also birth-class of 1888, who had the same mishap as you in about his 40th year. He is now completely restored. The only after-effect is that he must be very cautious with beer, wine, liqueur etc., alcohol in every form being noxious for him.

German medical authorities say, that the lack of **light** caused by our clothing and lodgings weakens the body and that air-baths and sun-baths can very much contribute to strengthen the body's resistance-force, especially against ulcer attacks. Before the first world war, there were two medical establishments (private) - - one of Finsen in Copenhagen, the other of Mehl at Marburg an der Lahn (the first perhaps still existing) which both treated the most complicated cases of ulcers merely by light-baths. But the true inventor of light-baths is **Benjamin Franklin**, who speaks about them in detail in his memoirs and reports that he at least could not live any more without his daily light-bath. (Only a few years ago a microbe or virus, causing most ulcers, was finally discovered and it responded well to the usual treatment for such attacks. - J.Z., 19.3.03.)

I think the opinion of a man like Franklin in of very great authority, although, to my sorrow, in his monetary theory, he did not distinguish fiat-money and money without cours forc . The German saying on this is:

"Alles Gute ist **n i e** beisammen." (Everything good comes never together. - J.Z.)

You were so kind as to post to me 6 volumes of **Montaigne** and to add a copy of **Bilgram's** books. How shall I thank you??!

I do hope to get the books still in this year. The blockade for letters is completely restored and it is very uncertain whether the authorities will a means to transport the 5 tons of daily Berlin-mail by aeroplane. For months they did not, although the aeroplanes daily bring about 6,000 tons of goods of every kind to Berlin and the aeroplanes are not loaded to 100 % of their capacity.

From **Tucker's** book I get the impression:

1.) that Bilgram - - like **all** economists of his time - - Tucker and even W. B. Greene included - - much overestimated the role of **interest**. For short-term loans interest is nearly indifferent and vanishes among other expenses, like rent, commissions, taxes, etc. For long-term loans interest is important, if the product won by the lent capital is about equal to the interest, which is sometimes (by far not always) the case for apartment-houses, woods and certain agricultural improvements. The economists of the 18th and the 19th century should have distinguished the role of interest for the main kinds of investment. But they spoke simply of "capital".

Follin said in his "Paroles d'un voyant", that the use of **general terms** in politics and in economics is nearly a crime.

Buddha says the same about the use of general terms in ethics and religion, after he had heard some of his disciples preaching. He gave then a pattern of religious teaching in a speech, that is called, in the German translation "Die Leidensverkettung" ("about: origin of suffering and connection between the different states of mind and suffering") (My shorter translation: The chain of suffering. - J.Z.) It is worth reading and really does not contain a single general term.

Yesterday I saw at a bookseller an English translation of some Buddhist book. The translator was a clergyman. Of course he used in his translation often the word "god", although everybody knows that Buddhism is a quite atheistic religion.

When Buddha once was asked what to do, when a god appeared and demanded treatment according to his rank, Buddha simply answered: Tell him, that a disciple of Buddha is worth much more than a god and then deliver him a speech about Buddhism. Do not forget to tell him, that if he would be a being of good taste and sufficiently enlightened, then he would not remain in this pigsty, called world, but would leave it. (In a letter to my friend Kislat at Gotha - - an excellent philosopher - - now "living" by the help of a pension of 35 East-mark monthly - - blind - - I called this life a "Schweinerei" (filthiness). He protested, in the name of the swine - - good and obedient animals if well treated - - so that holy men, like the holy Antonius, accepted them as domestic companions - - and at last (I must admit, that he was in the right) we agreed that "Menscherei" would be a more proper designation. Translate the word and enlarge the English language by the new word.)

2.) that Bilgram did not see the problem with sufficient distinctness. It is not a problem of **distribution** of wealth and social product. The problem is to create the possibility to distribute, or to create liquidity. That is, what you saw and what Greene saw better than his predecessors.

Bilgram advocates the printing of notes or standardised cheques by the State. He had not yet the experience with State printing of money tokens that we have. (Perhaps no personal experience but there were numerous precedents which he should have studied. - J.Z., 19.1.03.)

If I were dictator of Germany, I would reward every man, who successfully conducted a Free Bank for the time of one year, like the Romans rewarded their most meritorious citizens. I would grant him a free seat in all theatres and permit him to be accompanied by a torch-bearer and a flute-girl, when he would go home from his restaurant in the evening. And when he died, I would bury him at the expense of my government, like the bravest general and his daughters would be portioned-off (given a marriage gift - J.Z.) by the State. The notes issued by him should bear **his** portrait. He should be freed from all taxes. Moreover, I would organise a prize-competition: "**How to find** a Banker, able to conduct a Free Bank?????"

You see, I am not an opponent of private Free Bankers. But if I would be permitted to generalise my personal experiences with bankers - - honest men, learned men, educated men - - it is not probable to find in Germany, within the next 10 years, **one** man, who merely **understands** Free Banking. But I think it is probably possible to start a cooperative issuing standardised clearing certificates or cheques. If, after the repeal of all the legal obstacles to Free Banking in Germany, single bankers would start Free Banks, I would be very agreeably disappointed.

The incapacity, revealed in our time, of the middle classes in Germany, to conduct their own affairs is the most striking fact, one which, perhaps, a future historian will state. On the other hand, the same historian will state with surprise the awakening of many economic capacities in the lower classes. A second Gibbon would explain the true reasons of this change better than I can do.

(J.Z.: I am afraid that here he is still under influence of the Marxians and their view of "proletarians" and "classes". Those with a longer formal "education" period do usually merely gathered more prejudices in what they consider to be their minds. The minds of the "less educated" have not yet been so abused. In a small poll I conducted, while hitchhiking, in 1959, I found out that about 3/4 of employers were receptive to ideas about converting their enterprises into partnerships or coops by selling them to their employees, while about 3/4 of the employees were opposed to such ideas. Being a proletarian is not an enlightening experience. It dumbs people down. - J. Z., 19.1.03.)

4 East-marks are = 1 West-mark at the official exchange-offices as well as at the free markets for currencies.
1 West-mark = 30 Dollar-Cents by order of the Joint Import-Export Agency (JRIA).
1 Dollar is worth - - what ????. At Mexico City they pay for 1 ounce of fine gold = 48 Paper-Dollars.
Then 1 West-mark = about 50 old Gold-Pfennig and 1 East-mark = about 13 old Gold-Pfennig.

About 4.55 old Gold-mark is the monthly pension of my old friend Kislak, the founder of the Berlin Group of the Schopenhauer Society and formerly a very wealthy merchant (finery) at Gablonz in Bohemia, They chased him out as a German. His wife died shortly after the arrival of the refugee-train at Gotha, from hunger, ill-treatment and sorrow.

(J.Z.: Bth. made one of his rare mistakes here, when he concluded that K.'s "pension" was only 15 old Gold-Pfennig. Above he had mentioned the pension as being 35 East marks per months. 35×13 comes to 4.55 old Gold marks, not to about 15 old Gold Pfennig, as he stated. - If you are given any figures, even by your friend, always check them out, if you can do so easily. For even he may have made a mistake. If it is a figure supplied by a government then do at least double-check it, if you can. If it is one supplied by a totalitarian regime then you can almost count on it being falsified. - I had difficulties in surviving my first year as an apprentice in West Berlin, at 80 West marks per month, of which I had to pay 30 as rent. Although, after my childhood, I had my disagreements with my mother, I could always visit her for a decent meal. That helped. How K. managed to survive I can't imagine. He certainly could not from 35 East marks a months, not even at the lower prices in East Germany. - J.Z., 20.1.03.

In the year 1934 I was not far from getting a position as mathematician of the **Iran** Insurance Company at Teheran. (The decree was already executed by the Minister of the Interior. But then a Iran lawyer, Aghayan, whom I personally spoke to, some weeks later, in Berlin, had detected some irregularities in the minister's department - - some of the usual oriental kind - - for which the minister was responsible. Shah Reza did not take such things as a joke. The minister had to expect a terrible scene. He preferred to hang himself. All his decrees were declared invalid and the son of Aghayan got the position.) (J.Z.: Thus, was this information reliable?) Pending the deliberations, I got acquainted with one of the best economists I ever met, Vram Pilossian, a member of the Shah's Information Council. He was very rich and spent for his Chambers, in the Eden-Hotel in Berlin, 60 gold-marks a day, that is 3 old gold-Pounds. He had studied at the Paris University and knew all shades of socialism, anarchism and all other isms at least as well as I.

(J.Z.: Bth. was rather liberal in his praise of others in whom he found at least one good trait! - J.Z., 20.1.03.)

He was very interested in the question: Is overproduction possible and, if it is possible, has it ever been observed? He and I were glad to agree: Until now a **real** overproduction has never been observed (fancy articles set aside) and there is at the present state of culture and supply no possibility, that can be detected, to produce more than is really wanted. What is still called overproduction - - that was his opinion and is still mine - - was simply the impossibility to sell the products, so that the solution of the problem lies not in the sphere of production but in that of the means of payment.

A collection of the reasons observed by Vram Pilossian would make a nice pamphlet. We remained in correspondence but this connection was interrupted by the war.

(J.Z.: Whenever possible, and in the pursuit of the line of least resistance, Beckerath searched for and quoted others who had uttered his ideas or opinions or similar ones. But even this and other acquired habits did not help him to achieve many converts. "Communication is possible only between equals", says a proverb and it refers, largely, I believe, to people at about an equal level of enlightenment. Once you have reached a relatively high level of truthful information, then the number of people who have reached the same level is rather small and you encounter them only rarely. Moreover, you may agree with them on some points - and strongly disagree with them on others. That is one reason why top ideas and top talents need a special and world-wide market, an Ideas Archive and Talent Centre, more so than mediocre and inferior ones. - J.Z., 20.1.03.)

If Vram Pilossian is in the right, then the most violent changes in prices, caused by false opinions on the true situation of the market, cannot stop **production**, if a system like Free Banking is used. It may be possible that the one half of the population loses all its property to the other half, but **this** fact cannot prevent the existing labour to be exchanged for other existing labour; it cannot prevent the farmer (admittedly bankrupt) from producing grain and milk and exchange them for suits, made by a bankrupt tailor and for chocolates made by a bankrupt candy factory.

If that would be true, then your remark: "... a crisis will arise which, it seems to me, no free system can prevent, since freedom implies liberty to make mistakes", must be accomplished. (... will be realized? - J.Z., 20.1.03.)

The shifting of property by a commercial crisis certainly cannot be avoided (in a planned economy it will be even less be avoided), but a stoppage (or great reduction - J.Z.) of production may very well be avoided and, if it is not to be avoided, then the true cause is always the absence of some liberty (perhaps difficult to be detected).

(J.Z.: Artificially propping-up bad debtors at the expense of good debtors and creditors, will simply achieve that capital remains in the hands of the less able or less careful and will be expropriated from the more able. If there is to be a change in proprietorship, then it would be best, if that were to take place as fast as possible, with the least possible artificial friction. Failures out! Successes remain. Bad managers out - new and good managers in! Plus new opportunities for new enterprises. Some would win, some would lose. The whole economy should be no more brought to a grinding halt or into slow motion, than it would be by a new distribution of capital via a lottery or gambling. However, if productive and exchange actions become, by government fiat, also gambling acts, and taxes, in the average, take more than is taken by the "fees" of gambling, betting and lottery agencies, then it should not be surprising when open gambling etc. becomes more wide-spread, because it is more fair to the participants. Then the capital used in formal gambling, betting, buying lottery tickets etc. will, naturally, not be invested productively and to that extent the general standard of living will fall, quite apart from the sometimes catastrophic personal results for some of the losers. - Anyhow, under full monetary and financial freedom there will be many less false price signals. To that extent there will be less crises and those which still occur will be very temporary and less severe. , almost unnoticeable as "crises". - J.Z., 20.1.03.)

My mutual shops have nothing to do with the shifting of property by speculation and such causes. They do nothing than exchange existing labour and its existing products against other existing labour and other existing products. The labourers may be as poor as "Kirchenmaeuse" (church-mice) - - by which word the Germans indicate a high degree of poverty - - but their labour is their wealth, in the average some dollars a day, and that value enters into my mutual shops. No crisis can stop **this** exchange, if there is liberty enough to pay by private clearing-certificates or notes, or with whatever may be, under the existing conditions, the best term for them. (Regarding: "their labour is their wealth": Beckerath made many suggestions on how this **potential** wealth can be turned, systematically and over a long period, into **real** wealth. Obviously, he could not squeeze all such suggestions into a mere letter. - J.Z., 20.1.03.)

You say, that the proprietors of raw material will not exchange their raw materials for notes of a Free Bank or certificates of a Mutual Shop. I am convinced they will. If a fisher-man at the Sunda-Islands (Lombok, Bali, etc.), who produces shark-leather, is convinced that offered certificates, accepted at Manchester by 100, 000 labourers and 1,000 shops, are no swindle but really accepted, then he will sell shark leather for the certificates for the same reason as he now sells the leather for exchange bills of shops that are not mutual ones.

(J.Z.: Elsewhere B. and Prof. Edgard Milhaud detailed how international trade would largely be carried on, under freedom, with the aid of international clearing certificates, that are based on goods which play an extensive role in international trade. Among these are raw materials. Their suppliers are likely to issue their own and must accept them in payment. Such certificates will be eagerly accepted by internal importers and used to pay external exporters. The latter will sell them to their internal importers of raw materials, or to such traders in other countries. The denominations of these international clearing certificates are likely to be much larger than those, which will be used in local shop currencies. But they will be acceptable "currencies" on a free international market, especially when they are using a sound value standard to express their value - and are then accepted, by their issuers, as if they were the very weights of, e.g., metallic value standards, like grams, ounces or kilograms, of gold, silver or platinum, which they represent. Foreign exchange regulations make, obviously, no sense at all for such clearing certificates, which assure, ultimately, a balance of trade and a balance of payment - as far as their free use is concerned. It would also be wise to give them only a limited circulation period, 3 to 12 months, to hinder, as far as possible, e.g., foreign central banks from hoarding them as "foreign exchange", thus preventing these international means of payment from fulfilling their role as clearing certificates. - The Indonesian fisherman is unlikely to accept vouchers that are only good at a milk bar in London. But he is likely to accept the certificates of a dairy products producer or wholesaler, with which he can e.g., purchase condensed milk or cheese or milk powder in Indonesian shops. Likewise, grocery chains in England will not accept goods warrants of single fishermen in Indonesia. But they will accept goods warrants of an Indonesian cooperative of fishermen that cover and redeem them with frozen, dried, smoked or conserved fish, in large quantities. - Due to this self-managed sales option for raw material suppliers, the prices for raw materials are likely to rise. On the other hand, sales costs and storage costs would fall. Maybe raw material suppliers will be the first to embrace the system. To the extent that they do already participate in computerised barter exchanges, they already have. To that extent their raw materials are already mobilised into their purchasing power. - Moreover, under freedom for the issue and acceptance for consumer goods and consumer service warrants, in money denominations, they will have no difficulties in selling them internally for such alternative currencies to pay their workers, their suppliers and take their own profits in. Wholesale traders and Exchanges will readily accept their sound certificates and value them fairly. They, too, could thus largely "liquidify" their assets, i.e., make them more easily transferable. - J.Z., 20.1.03.)

You know Karl Pearson ????? !!!!! The founder of modern statistical methods?! I owned some of his writings - - all's burnt.

When I read what you quoted from Pearson about probability (I read that old **Karneades** had quite similar ideas), I knew at once what to answer: One has to distinguish between empirical statements, such as the composition of water, by H₂ and O, and mathematical truths and logical ones, which do not need experience. But on the next page you destroyed this nice argument by introducing alcohol and opium into the discussion. Really - - at the moment I do not know what to answer. And you remember, too, the facts of hypnotism - - I must confess, that until now I had not thought of applying these facts to the theory of knowledge. But let me regain new philosophical strength by corresponding about this matter with Kislat, who - - although 73 - - understands such problems fully - - and it may also happen that I get myself a good argument. At the moment no suitable argument occurs to me.

(Lost for arguments or words! - That did not happen to him very often, perhaps never in my own experience with him. - J.Z., 20.1.03.)

You quoted the old saying: "The harm done by the good in the world has far outweighed that done by the evil." (I would not call it the "good" but the "well-meaning" and at the same time wrong and ill-informed! - J.Z., 20.1.03.)

I am inclined to agree but would supplement the saying by the "Considerations by the Way", by Ralph Waldo Emerson - - whom Nietzsche ranks among the 5 best stylists in the world:

"The first lesson of history is the good of evil." - says Emerson and he says very many other good things that are well worth reading.

"None so cruel as he that is cruel on principle." Very true. But there is still some secret in cruelty which, until now, I could not detect. A hint may be the well observed fact that cruelty is connected to sexual emotions. That will be no news for you. The most cruel Nazis were sexual abnormalities some say - - and I believe it - - Hitler himself. But I am not sure whether the old observations exhaust the matter.

("A stiff prick has no conscience!" - A crude Anglo-Saxon remark. It applies at least to some people, e.g. those, who can't restrain themselves from committing rape. That might apply, according to observations of B., to up to 10% of all men once they have been sexually deprived for many months, as often happens to soldiers during wars, and mostly happens to imprisoned convicts. - J.Z., 20.1.03.)

About **duty** I will write in my next letter - - if possible.

"Ueberbieten heisst nicht uebertreffen", says Schopenhauer. (Surpass does not mean to be superior.) Please do not take it for an "Ueberbieten", when I, after you were so kind as to greet me with "Gruess Gott", (Greet God) answer, in good Catholic manner:

Gelobt sei Jesus Christus!

Yours - signed: U. v. Beckerath.

I sympathise much with the carpenter from Nazareth - - He would be more recognised if the churches would not represent him as a god and an accomplice in creating the world. His monetary views were not quite complete, but he had the notion of an exclusive currency and rejected it. (Matth. 22,18, Matth. 17, 26 - - the latter obviously reported by a writer not sufficiently acquainted with monetary matters.

I hope to be able, in my next letter, to write some words about the "Truth", a **very** valuable paper.

U. v. Beckerath, ...

2. 6. 1949 Your letter 30. 5.

Dear Mr. Meulen,

I confess that your argument with the drunk or hypnotised man vanquished me. I tried to represent your argument in a generalised form.

We are never quite sure, that the intellect of a man is quite in order, at least we cannot prove it. There may be some hidden defect which nobody perceives, so that the man performs his daily obligations well, is an excellent minister, professor, teacher or morals or - - what requires more - - a perfect banker.

History of mathematics and that of logic seems to prove that there may be, in generally acknowledged sentences, some hidden fault which remains undetected for centuries. (Proofs for the existence of a god by Aristotle, the Scholastics, Cartesius, demonstrated as erroneous by Kant, some basic sentences of theoretical logic, established by Aristotle, and also demonstrated as erroneous by Kant. ("Die falsche Spitzfindigkeit der vier syllogistischen Figuren.") If Aristotle or the Scholastics would have had an as clear head as Kant had, they would have found the fault themselves, but they had not. So the defect in the sentences contained also a subjective element. One is never sure whether any sentence many not contain such a subjective defect.

If that is once admitted, then there is only **probability** in our judgements, but no certainty.

De Morgan, whom I esteem as one of the greatest mathematicians, made clear, that every number or algebraic expression contained a factor

$$(\cos mx + i \sin mx), \quad i = (\text{square root of } -1).$$

where m may be any integer number between zero and infinite. In usual arithmetic or algebra the factor may be omitted. But in higher algebra the factor suddenly appears in certain operations, even if omitted at the beginning of the operation. This admitted, one must admit that arithmetic before De Morgan was not complete, although nobody would have imagined such a possibility.

At the moment, I do not yet see what ethical consequences are to be derived from the understanding, that even in pure logic and in mathematics no absolute certainty is to be found. But I promise you not to imitate the **Japanese** students, of whom Paul Morand, in his "l'Art de mourir", Paris, printed the 24.6.1932, Edition des cahiers libres, 57, Avenue Malakoff, at page 65 reports:

"Les revues célèbrent avec lyrisme la mort de trois cent jeunes Japoinais qui se tuèrent après une conférence où l'impossibilité de toute certitude avait été proclamée."

If I must end my life myself, it will be for quite **different** reasons.

In all uncertainty of life it is, nevertheless, **certain** that nobody wishes more heartily than I the complete restoration of your health.

Yours - signed: U. v. Beckerath.

The memoirs and the letters of De Morgan belong to the best possible reading.

U. v. Beckerath, ...

6.6.1949.

Dear Mr. Meulen,

3 days ago I received the June- issue of **The Individualist**. Many thanks!

If the English would better know what **pleasure** it is, to read the I., they would not so inexcusably neglect their **duty** to subscribe to it. Only 3 s. 6 d. yearly!!!

Some years before the first world war a great shoe store in Paris offered good and elegant shoes for ladies - - if I remember well, for 20 Francs. The ladies did not buy. Then a connoisseur of the Paris mentality counselled it to offer the shoes for 150 Francs. It did so and in a few days all these shoes were sold. Practical application for the I.: Take one Pound per copy and restrain the number of copies to 101 (with the 101st for me), use also a special colour for each page, and you will see!

The conservative Conservative. It **may** be that Mr. Kenneth de Courcy is what the Germans call a "white raven" among the Conservatives, but from the issues of 1. III. and 1. IV. of the Intelligence Digest I get the impression, that some circles of the Conservatives now **begin** to see the things as they are. If leading men of the party become convinced that the law of 1844 was not only nonsense, considering it from the standpoint of monetary technique, but also violated very essential personal and economical rights, first of all the right to help oneself, then the party will attack the law.

Pampered pets. After the revolution of 1918, in some German districts, daily working time was reduced to 7 hours or less. The effect was that many workers undertook some other work in other workshops. The next day, they came to their work tired because they had not slept enough. The number of accidents rose. In Czechoslovakia it will be the same. The workers will not use the four weeks as holidays but will work and earn money. The law can - - perhaps - - fix a maximum of daily working hours; but the minimum is fixed by the workers themselves.

Bled to death. Benjamin R. Tucker emphasised the strike of taxpayers. At his time such a strike was technically possible. Now the receipts of governments are levied in a way, that a strike of the taxpayers is technically

impossible, or as good as impossible. E.g.: The Soviets get only 1/7th of their receipts from taxes. Suppose, the people would be willing to revolt against the tax-level. How must the revolt be executed?

The cost of education. 400 paper Pounds, model 1949, are about 4000 old gold-marks. Is that too much? The school "Koenigsstaedtliches Gymnasium und Realschule" at Berlin was built for 1640 pupils and cost (before the first world war) 605 300 gold marks = 369 gold marks per pupil, without furniture. Grammar School at Zehlendorf, Berlin = 580 000 gold-marks for 1020 pupils. (568 gold-marks per pupil.) The orphanage at the Waisenhaus-Strasse in Munich did cost, furnished etc., 1,072,170 gold-marks for 200 children. (= 5,360 gold marks per orphan.)

A **very** good plan of education - - the best I ever read - - I found in "Gargantua and Patagruel" of old Rabelais. It contains essentially the same as your plan.

To pay a man, with diplomas in two or three languages, only with L 2 a week, means simple to make communists out of men, who in times of revolution - - or more exactly spoken, 4 weeks after the revolution - - sit in the government offices and use the greatest power. In Russia, before 1917, that was the same: merchants not able to write orthographically, employed men with diplomas and paid them very little. In 1922 the merchants were dead and the men with the diplomas were presidents of some important boards.

Also: Kitson, owner of 300 patents - all self-invented - - is no typical case.

In my company in the first world war, there was a joiner - - his name was Abe - - an excellent man, who employed about 10 or 12 journeymen. He had the intention to send his son to the university. Well - - I asked him - - will you make of him a councillor of the government? "By no means", he replied, "he shall take over my shop, but a modern employer must be a lawyer, as well as an economist. I - - who attended only, a primary school - - I know that, and I know that by my own sad experience."

Artificial insemination. Twenty years later man will be able to observe

- 1.) the men, begotten by artificial insemination,
- 2.) the mental attitude of the public towards these men.

Do you believe, that men or women begotten in this way will get a job? will be married?

They will, but only on provided that nobody knows about their generation. Very unjust - - of course - - for nobody is responsible for facts not in his power. But many of the children will end by suicide before they are 25 years old. (J.Z.: One much worse effect might be, that e. g. film- , pop music and sports stars, by selling their semen to their hordes of fans, might, largely, become the fathers of the human race, i.e., diminish other inborn abilities within in mankind. Imagine also guys like Lenin, Hitler, Mussolini, Mao, Castro, Idi Amin, Saddam Hussein, etc., artificially inseminating millions of willing as well as unwilling women. What hope would remain for mankind then? - J.Z., 20.1.03.)

The budget.

Louis XIV. dared not to impose an income tax. The resistance of the people was too strong, although he was certainly a very powerful king. The people of today pay taxes - - impossible 300 years ago - - without even **trying** to resist such payments.

Canadian trade. "Shortage of Dollars".

In 1913 Canadians and all sellers in the whole world were glad to receive **pounds**. Why don't they do so today? That is one of the modern superstitions, that Americans must be paid in Dollars, Argentines in Pesos, Brazilians in Milreis and - - perhaps - - Eskimos in seal-skins.

Spelling reform.

Chinese written languages is much more difficult than any European, and yet the Chinese children learn it in the same time as European children learn the European written languages. One must not underestimate the children's

good memory. After the spelling reform **every** man must have at least **one** big dictionary, every word explained by illustration, and 5 years after the reform in private schools the old orthography will be taught again.

And the main reason: If spelling would be reformed, the new generation will no longer be able to read the older volumes of **The Individualist** - - a disadvantage outweighing by far all possible advantages of the "reform".

The confessions again. In France as well as in Germany the accused has the right to refuse to answer questions. Also, examining magistrates using torture would be severely punished and at once dismissed - - except - - of course - - in the Soviet zone, where such methods are in use.

The colour bar. In Russia it has been removed. Here one often sees high officers of Mongolian type, and the soldiers obey them no less than the Russian officers. Beside the atomic bombs, which Russia will have 1952 or earlier, the colour bar of the West is her best weapon. The coloured part of the world - - more than 3/4 of mankind - - will never forget the American immigration laws and the South African legislation on marriages and house ownership for coloured people. People among whom there really exists no colour bar and among whom it would go against the mentality of the people, are the Germans and, nearly to the same extent, the French.

(J.Z.: They have been "mixed bastards" for a long time back in history. Nevertheless, and especially under conditions of economic crisis, coloured people and others, could also be turned into scapegoats there. In Germany a lot of envy was involved, especially against Jewish people, highly intelligent and successful, numerous and largely integrated. Up to 80% of the professionals in Germany were Jews, due to strong pressure towards advanced education among faithful Jews, given the opportunity. During economic crises and due to religious and economic ignorance and prejudices, they then became scapegoats - not for the majority of more or somewhat educated Germans, but for an all too large minority, who wrongfully believed that they had good reasons to be proud of their own racial origins, while being very ignorant about it and, actually, in the average, intellectually inferior to Jewish people, among whom only the most intelligent and clever had managed to survive centuries of prosecutions. Such racist people were, alas, influential enough to get laws passed, already in the Weimar Republic, to get children of Negro soldiers compulsorily sterilised! See the story of the "Rheinland bastards". Moreover, I doubt that immigration for Negroes to Germany, e.g., from German colonies in Africa or for Chinese from the German colony in China, was made very easy for them, although at that time no passports existed and many economic opportunities in Germany. - When strangers are only a few, then they are not felt as competitors for jobs and do even retain their exotic attractions. But when their numbers become considerable and they do compete for forced and exclusive currencies, i.e., for jobs, customers and clients, and, especially, when they are successful in such competitions, then they become hated by ignorant and prejudiced people, unaware of the real reasons for their own plight. - Compare the rise of racism in England, when immigration, e.g. for Negroes and Indians, had become easier and their numbers noticeable. I noticed all too wide-spread hatreds against Turks in Berlin - just because Turkish immigrants, most of them good and hard-working people and at least economic, if not political refugees from their own government, had become relatively numerous there and were, naturally, competing for jobs in a city that had suffered under government-caused mass unemployment for all too long. We need full monetary and financial freedom also to help us overcome the pest of racism. - J.Z., 20.1.03.)

Bastiat - - for the introduction to my book on unemployment, I knew nothing better than a quotation from Bastiat - - whose books at that time were not yet burned - -

"On a essayé tant de choses - - quand essayera-t-on la plus simple des toutes - - la liberté!?"

Bastiat died in 1850 at the age of 49, an age when others **begin** to write.

But: In his celebrated discussion with Proudhon, both did not distinguish long-term loans and short-term loans, the one being the legal form to exchange present goods for other present goods, while the long-term loan is the legal form to exchange present goods for future goods. Bastiat always spoke of long-term loans. Proudhon spoke always of short-term loans. They were at cross-purposes. Or, as the old Greek saying was:

"Der eine melkte den Bock, der andere hielt das Sieb unter."

(The one tried to milk the ram. The other held a sieve under. - J.Z.)

(I do also blame publishers somewhat, for either not keeping such titles in print or getting them translated and also for not including, in new editions, the required corrections and comments, like the above one. At least when cheap

and powerful alternative media are used for this, like microfiche, floppy disks and CD-ROMs, then there is no excuse for not providing such improved editions and their translations, especially when these cheap editions, as well, are only provided upon demand, i.e., capital investment and publishing risk are close enough to zero. In a world as ignorant and prejudiced as it is, it is almost a crime not to make sufficient use of the affordable alternative media for the best writings in existence. - J.Z., 20.1.03.)

Church and State. Agreed.

The real urge. I think: The real urge is to avoid the displeasure produced by inactivity.

Montgomery without nationality. Vary valuable that one remark, the fact, certainly - - as you emphasise - - one of the most surprising facts of our time, for men endowed with historical sense.

(J.Z.: Alas, he did not repeat that quote. - Montgomery was also uninformed enough to have once remarked, that if only all people gave up smoking, then thereby enough would be saved to do away with all poverty! - Ortega Y Gasset commented upon the "barbarism of the specialists." - J.Z., 20.1.03.)

Franco-Spain. The name "United Nations" is misleading. The thing should be named: Union of Governments.

Land reform in Italy. Do you know of the cooperatives that farmed great estates in the years between 1905 and 1914?

Birth control in Italy? Overpopulation in Italy???? If I get reliable news that in normal times, under the rule of Free Trade and Free Banking, the people stand in queues before the bakeries, then I will believe it. But I know that Italy's economists confound scarcity of food and scarcity of employment - as Malthus himself did. - - The remedy for the scarcity of employment is **Free Banking**, not birth control.

I remain very faithfully Yours - signed: U. v. Beckerath.

(J.Z.: Obviously, too faithfully, because he could not persuade Meulen to accept all the options for free banking and to discard prejudices like those on overpopulation. However, Meulen did provide a good foil for Beckerath to sharpen and use his wit against him. - J.Z., 20.1.03.)

U. v. Beckerath, ...

11. VI. 1949. Your letter of 9. VI.

Dear Mr. Meulen,

"homo sum, nihil humanum a me alienum puto", and without description I know the details of your recovery as well as I would know from a report of your doctor. More important for me, for the readers of "The Individualist" and many more men (many of them still unborn) is the result: a recovery which enables you to resume your activities. Schopenhauer thinks, that good wishes are by no means without effect in the material world and gives (examples his here a too strong expression but) facts which - - really or seemingly - - confirm his opinion.

The old joke: "He is the sort of man, who, when you ask him how he is, tells you" was new to me. By the joke I am led to the remark that 99% of men belong to this sort, at least among the Germans.

It is **very** interesting that for every duodenal case in a woman there are 20 or 30 in men. At the American Information Centre, there is a nice medical library and at my next visit I will try to inquire whether the fact is already taken sufficiently into consideration by medical statistics. I think that from this fact could be derived important hints for the treatment of duodenal troubles. There must exist causes in the lives of men which do not exist to the same degree in the lives of women, and, perhaps, it is possible to eliminate these causes or reduce their intensity.

(J.Z.: As a rule, women smoke and drink less. They may also sleep longer, in the average and are often under less stress when they are working for an income. If they are housewives, then they are their own "foremen" and arrange

their work as they like it. As a rule, they are more politely dealt with than are men. These are factors, perhaps important ones, which immediately come to mind when one ponders average behavioural differences. - J.Z., 20.1.03.)

What may have been the reason that in a ward, not specialised, fully half the men suffered from duodenal trouble??????? As much as I remember from German mortality statistics, duodenal trouble is not a very frequent sickness. (Or not a very deadly one. - J.Z., 20.1.03.)

Banking. Yes, that is also my opinion. If it will be permitted, then many firms in Germany, cooperatives first, would issue their own notes (or certificates) in payment of wages and local purchases. The next step will be, that the firms constitute a union for supervision. Then this union will issue the certificates itself and lend them to the individual firms. But the greatest firms, such as the Wertheim department store at Berlin, will not participate in this union. They are strong enough to stand by themselves. At the Great Inflation individual firms were the first that issued gold certificates. (I microfiched the booklet of Farbwerke Hoechst about this. - J.Z., 20.1.03.) At Berlin the first firm to do so was the firm Meinel, originally a Vienna firm. For decades I observed the Austrian mentality in monetary affairs. I find among the Austrians unprejudiced opinions more frequently and more dexterity in accomplishing sound monetary ideas than in the Northern parts of Germany. The monetary literature of the Austrians is also, in the average, on a higher level than the literature of Northern Germany. I got this impression in the old Prussian State Library (more than 4 million volumes), with its very complete collection of monetary books - - most of them I perused and the best I read. Also the insurance literature of Austria is, in the average, better than the insurance literature of Northern Germany.

I am very glad that we agree in such an important matter as the probably way of banking development in Germany.

Would the Manchester notes be **certainly** at a discount at Bali? (That means here, constantly so.) I do admit: From time to time they will. Three reasons will contribute to this effect:

- 1.) over-emission at Manchester,
- 2.) speculation. Some speculators of the old style will offer Manchester notes in Bali at a discount, in the hope, that all holders of Manchester Notes will get anxious, sell the notes, increase the discount and to get that movement to spread over to India and possibly to the whole of Asia.
- 3.) distrust arising at Bali without speculation - - for some reasons which are of importance in Bali - - on old woman dreamt that a shark ate Manchester Notes, or the fisherman distrusts the planets under which the notes were printed. Or, very simply: He suddenly notices, that the notes are not redeemable into gold and thus he gets anxious.

What will be the effect?

At 1.) The thing is serious. It is the more serious as in this case even a great treasure of gold would probably not be sufficient to restore parity. Why not?

If the discount is produced merely by a bad opinion of the public about the notes, then everybody tries to convert the notes as quickly as possible at the shops which are obliged to accept the notes at par. The more intelligent borrow the notes, and then they buy, too. In a few days the notes have disappeared - together with their discount. The shops pay their debts at the bank with the notes and, for the few notes still circulating, parity is restored by those, who are so intelligent as to borrow the notes, as long as they are at a discount. Say, the discount is 10 %. Then an intelligent clerk, earning - - say - - L 50 a month, borrows L 50 in notes, pledging his salary for the next month. Then he buys all victuals in advance for the next month, his barber in advance, too, takes out a season - ticket for a theatre, subscribes to The Individualist, which he, otherwise would not have done (I suppose - - as you see - - an **average** clerk, with all his vices) and is glad to see his purchasing power augmented at 1/9th. (Depending upon the interest he has to pay for this loan. - J.Z.) It may be possible that the Bali fisherman also sells his notes at a discount. Then he will be sorry if the notes regain their parity and will say to himself: The next time will certainly **not** sell my good notes. One week later, parity is completely restored and a scarcity of notes takes place. The employees are without means of payment and are glad to receive fresh notes, at the next pay-day.

The case is very different, if there was an over-emission.

Then the shops are empty after a few days. But there are still many people eager to realise their notes into goods. But on the shelves of the shops there are left only "birth-day-gift- articles", watches, fineries, books in which nobody is interested. People buy lottery-tickets (if they are sold for notes), canaries, toys of every kind and stamp-collections. And still there are many, who want to convert their notes into (normal - J.Z.) merchandise and cannot. Now they demand gold. Will not that demand raise the price of gold expressed in the notes already at a discount and by that augment distrust? The effect will be: The discount remains for a long time.

At 2.) The speculators, perhaps, at the first speculation, do get the advantage they would aim at. They secretly buy the notes at a quotation of, perhaps, 90%, sell them at Manchester to employers at 99 % and by that restore at last parity. The owners of notes, who had sold them so cheaply, are angry and demand a bill against speculation.

The next time the situation is quite changed. The "Bali Individualist", an excellent paper, publishes an article, which points out: "Balinese - - Vishnu again blessed his adherents. The discount of Manchester notes, of which our people possess so great an amount, was this morning 15 %. We know the reason. Vishnu, our father in heaven, perplexed the brains of the whites, so that they suddenly offered the good Manchester notes at a price of 85% of parity. We cabled at once to Manchester and received the answer that there all is normal. Balinese, that is the day of glory - - do not **sell** your notes, **buy** as much as the whites offer you and use all means which the superiority of our blessed race gives us readily. If the whites tell you, that the notes are not redeemable in gold, then say to them: "Poor whites"! - but Vishnu orders us to be merciful against the helpless; we will buy the worthless notes and, because you are so nice, although helpless men, we will pay 84 %. And then, Balinese, buy, buy, buy!! We all know, that the notes (here discounted - J.Z.) were not sent to Bali, but are still (in our accounts, and valued at par there - J.Z.) at the banks of Manchester. Please, do **not** sell these note-parcels which belongs to us. But today we bought for L 100,000 Manchester notes belonging to the whites of our Vishnu blessed island, and kept at the Manchester- Bali Shark Bank, account No. (These notes are discounted here. - J.Z.) **These** notes you shall sell to employers of Manchester, at a price of L 99,000. Vishnu bless you!

And then the Bank sells the notes to the employers of Manchester at a price of 99 1/2 %, takes also a commission of 1/2 % from the Balinese and says: The religion of the Bali people seems not bad. Every month such a crisis and we are well off! And the Balinese won 14 1/2 : 84 of the sold amount. What a religion!

At 3.) Here is also to be distinguished the **first** time and the following times.

At first the situation is exactly the same as in case 1. The fisherman, whose grandmother dreamt so badly, and who sold at once his notes at a considerable discount, finds after some days, that parity is restored anti that he has made a very welcome present to those, who bought his notes. Then he speaks to his grandmother: Honour of our family! Your years are venerable, your wisdom surpasses that of the holy crow **Bushanda**, but your dreams are not of the best quality. Your dream was obviously sent by Shiva, the enemy of our Island. Now I have lost so and so much to the whites, who were intelligent enough to buy at once my notes, which I so dizzily sold. My resolution is: Never trust in dreams in monetary affairs!"

And so the fisherman exchanged notes for experience which he will never forget.

And if astrology was the reason, he will go to the astrologer of his district and tell him: You wicked star-gazer! To your false science I owe a loss of so and so much. In the, next number of the "Bali Individualist", I will publish an article by which I warn everybody against applying the science of astrology to banking affairs. Vishnu may punish you! And then the astrologer replies: Brother in Vishnu! Your reasons convinced me. From today I change my profession and become a Free Banking Clerk! Vishnu bless you! And then he drinks, together with the reconciled fisherman a shark-schnapps, and both celebrate the progress of enlightenment in Bali, the island of Vishnu.

The great lesson is: Under the system of Free Banking or Mutual Banking, for every case of unjustified distrust, cash must be paid by those who distrust. Everyone else, participating in the system, the bank, the public, the shops, **wins** at the expense of the distrusting.

(If there arises an unjustified distrust, then, in the old Banking System, the Banker is the injured. If under the rule of the Free Banking System or the Mutual Banking System a distrust arises, those are the injured who distrust. Those, who trust, wind to the same extent as the others lose. The banker remains neutral. He wins a little insofar as during the next issue of his notes they are accelerated by the distrust, the distrust rapidly drawing the notes out of circulation.)

Now let us consider the case of a manufacturer in **Solingen**, who sells blades to a shop in Freiburg-Breisgau. Suppose, the amount was for 1,000 West-mark. The Freiburg shop will pay to the Solingen-Manufacturer 20 certificates, with a face value each of 50 West-mark, whose text will be about:

"I, Shop Mueller at Freiburg, accept this certificate
as I would accept 50 West-marks face value in cash,
if the certificate is used as means of payment in my shop."

(I hope to have contributed something to the theory of such certificates in my books. The first promoter was Professor Milhaud, Geneva, who called them "Purchasing Certificates".)

The certificates will be saleable at any bank in Freiburg or in Solingen. They will not be saleable at 100 % but, probably, at 99 % and, certainly, at 98 % or 97 %.

(It may be that the percentage of the discount is the whole theoretical difference between our views. Principally, I do admit, that there will always be a discount against gold coins. But my impression is, that you estimate the discount at amounts of 15 % or more.)

If anyone wishes to pay an inhabitant of Freiburg, he will ask, at the bank of Freiburg, if it has, to be sold, certificates accepted by a well known and trustworthy firm of Freiburg. The Freiburg Banker will offer the certificates of the workshop Mueller at a price of 99% (or 98 % or, very probably, not less than 97 %). Once this certificate of Mueller is brought into circulation, it will soon find its way to the Mueller workshop.

The whole business would be transacted in the same forms as was, formerly, the business with bills of exchange, when such bills were more in use than they are now. In 1844 they were in full use in England and in Germany as well. For the first years of the 19th century, Fullarton estimates that the greatest part of currency in Great Britain consisted of Bills of Exchange, some containing more than 100 signatures. I cannot say in what chapter, my Fullarton being burnt.)

(J.Z.: John Fullarton, On the Regulation of Currencies: being an Examination of the Principles on which it is Proposed to Restrict, within certain Fixed Limits, the Future Issues on Credit of the Bank of England and of the other Banking Establishments, throughout the Country, 1845, 1969, 265 pages, was reproduced by me in PEACE PLANS 794. The severely enforced insistence that, ultimately, the bill holder could demand their redemption in gold or silver metal, made their use risky and brought them ultimately into disuse. If they had been, right away, bills for clearing only, redeemable only in the goods and services of the bill debtors, then history, not only the economy, would have taken another turn. - For that obligation every honest and productive debtor was able to fulfil, apart from the insurable risk of natural catastrophes and the non-insurable one of man-made ones like wars and revolutions. However, under that extensive clearing for private bills, and their sufficient and temporary exchange into notes, that are more suitable for circulation [the "banking principle" for note-issuing banks], as wages and purchasing power for shopping, many less wars and revolutions would have occurred! - J.Z., 21.1.03.)

May be that certificates convertible into gold circulated at a higher quotation. Then the discount of the other certificates is the element which enables them to circulate as well. There is a limit of denomination, where there is no difference, whether the certificates are convertible or not. The limit is - - I estimate - - about 50 Marks in Germany. Certainly, the limit is higher than the amount of stamps, which - - from time to time were used as currency. In Germany they were used as currency to such an extent that the Post Office prohibited the dispatching of stamps in letters. (The jacks in governmental offices prohibit all things they do not understand. The public - - statist as it is - - is content with the many prohibitions and - - dull as it is - - understands matters not any better than the jacks in the offices. Governing in such a milieu is more a **pleasure** than a **duty**.)

Convertible into gold - - gold **coins** are the only thing possible in practice. Germany has no gold coins and will not get them very soon. But that should be no reason for not starting Free Banking or Mutual Banking as soon as possible, That admitted, Tucker's unconvertible notes are the only possibility. (Will England have gold **coins**?????)

I think it possible, that a promise to convert notes into gold pieces will arouse much **distrust**. More than 3/4 of the population never saw a gold coin. The Nazis asserted that gold coins were a Jewish swindle, and many people still believe that. As long as prices are not fixed in gold coins such coins will be considered as mere medals, i.e., of no practical use.

I admit that a system designed to stand the stress of crises may not be the best for peace times. If it were possible to issue notes by a central bank on the same economic principles as, a local bank would issue the notes, then few local banks could do business. But it is not only my own opinion that under a system of central banking - - even when it is without cours forcé of the notes - - the notes will be attracted to the great economic centres of the country and the smaller communities, especially the villages, will not very soon meet again their notes paid for anything at the great centres.

(J.Z.: This aspect, as a factor for an excess growth of cities and the relative depopulation of the country, and the all too frequent currency shortage in the country, should be systematically explored. But this will, probably, only happen once Free Banking has been introduced. Money, people and enterprises, i.e., also jobs, goods and services, tend go to the cities more than to the smaller settlements, with few exceptions. - J.Z., 21.1.03.)

A second reason is **perhaps** not decisive, but seems not unnoticeable. The temptation to forge notes is always great for Central Bank notes. Some months ago there was here a great trial of bank note forgers. The public prosecutor said, that if the police would not have had the good luck to find the gang before it could issue its **very** well printed notes (even bankers could not distinguished them from genuine notes) then the monetary standard of Western Germany may have been seriously affected. The temptation to forge local notes is relatively small. With them the forger is regularly soon detected. The notes are rejected everywhere (in general circulation, not at exchange offices) except the small community where they are issued. Therefore the snide (? notes? - J.Z.) flow all to the community whose name is printed on the notes. And there an increase of - - say - - 1/4 of the currency, is at once felt. (Moreover, strangers, paying large amounts in cash, would be noted. - J.Z., 21.1.03.)

Banking is not only - - as you remark very correctly - - a fine development of mutual trust. It is, in the form of Free Banking or Mutual Banking, also a means to use **distrust** as a means to gain economic advantages. I think that the acceleration of sales, times of distrust **is**, under the rule of Free Banking or Mutual Banking, an economic advantage. The observation of the effects of an unjustified distrust does enlighten the public more than bank propaganda could.

Milhaud proposed an improvement which I believe to be very important. He proposed to limit the Validity of purchasing certificates. If I was to decide the matter, I would order that the first emissions should lose their validity one year after that date, which is stated as the date of issue on the certificate. After the first year every issuing shop, bank, authority, etc. should be free in fixing the time limit, should also be free to extend the time for their circulating notes. After a year, there will be sufficient experience to fix this time limit; it may be, that in great towns the time limit must be longer than in villages. Milhaud proposed - - if my bad memory does not deceive me - - 5 years. Many modifications are possible. The law could prescribe that, after the first year of circulation, the purchasing certificates are automatically transformed into obligations, running for a time that the debtor fixes and bearing 5% compound interest.

The connection between philosophy and political economy is quite natural.
"L'économie politique c'est la métaphysique en action"
I found this quoted from **Proudhon** many years ago. (Perhaps in **Bakunin's** writings which I possessed. Editeur Stock, Paris, who published valuable books.)

Your letters to the "Freethought News" and to the "Literature Guide" are very interesting.

Cause and effect derived from experience. In the "Introduction philosophique au calcul des probabilités" by Laplace (burnt) I found a comparison of the probability that the sun rises tomorrow - - won merely by experience - - and the probability won by knowledge of the Copernican system. The second probability is - - of course - - much greater. More exactly spoken: The probability that the sun will **not** rise tomorrow, won merely by experience, is a multiple of the probability won through the knowledge of the Copernican system.

If there exists no other reason than pure experience, one must admit that miracles, like the standstill of the sun, during a battle in which **Joshua** (a worthy predecessor of Hitler) was victorious (I will not lose my time on searching in the Bible, which battle that was), or the returning of the sun dial's shadow, (Jesaiah 38,8) are not **a priori** impossible. After the knowledge of the Copernican System they seem quite impossible. But that element which rises the former probability to certainty is not won from experience. That does not overthrow your opinion that in general our ideas of cause and effect (in special cases) spring from experience. It is **one** of the reasons why average people think so unscientifically.

But I must restrict my assertions concerning absolute certainty that the sun will rise tomorrow. Firstly, from the principles established by Karl Pearson, which I learnt from you. Secondly, because these principles may here be at once applied. You know the "levitation" - experiments by Zoellner and others, described in works of Aksakow and the publications of the Society for Psychic Research. Here is proof, that even such a universal power as general gravitational attraction, may, in some cases and under still unknown conditions, be ineffectual. Nobody would have thought that possible before these experiments were known. (In Fallmerayer's description of the Athos-cloisters - - published about 1840 - - burnt - - I found mentioned that "levitations" of the monks of these cloisters (monasteries? - J.Z.) were not seldom. (occurred not very infrequently. - J.Z.) Fallmerayer was an acknowledged scientist.) If "levitation" is possible, what forces of nature may **not** suddenly become ineffectual?

Insofar you are right: Even the hope, that tomorrow the sun will rise, contains, even today, an element of uncertainty, and therefore is nothing more than a probability. But **if** the sun will neglect its astronomical duty, then the effect will certainly be more than a biblical miracle.

When Bertrand Russell calls the expectation that B follows A, after it was observed, that in numerous cases B followed A. and circumstances seem unchanged, a **metaphysical** expectation, then he uses - - and here we agree - - not the best expression. But it may be, that he considers the investigation itself, whether experience is a sufficient foundation for the expectation, as a metaphysical investigation, and **that** would not be quite illogical.

Your letter to "Freethought News".

It is possible to consider vital forces, the faculty of thinking included, as developed from the fundamental forces of attraction and repulsion. But it is also possible to consider the fundamental forces of matter as derived from the vital forces by a process of "Depotenzierung" as German philosophers said. (Degeneration, weakening.)

To consider vital power as derived from the fundamental force in this way or to consider it as being itself a fundamental force, equal in order to electricity or magnetism, are ideas often found in German Philosophies and, I think, also in antiquity there were "Hylozoists" not far from these ideas.

And some think that the "Weltprozess" (the sum of events in the world) is a "Kreisprozess" (revolving process), where all stages of development or debasement are always to be met in the same degree of intensity, all suns, planets and moons of the universe considered as a whole. Schopenhauer was near to this apprehension. He believed e.g., that if a species becomes extinguished on Earth, then it continues to exist in other star systems.

If I had more time, I would collect all possible theories in this sphere, would arrange them in an order analogous to the system of chemical elements of Meyer and Mendelejew, and would then, perhaps, detect gaps (like Meyer and Mendelejew found gaps in their order and were able to prophecy the discovery of new elements whose properties they were able to predict.) and **then** judge closing.

From some Buddhist writings I possess, I get the impression that **Buddha** also believed the "Weltprozess" to be a "Kreisprozess". What distinguished Buddha from the Brahman believers in "Kalpas" (long times, at the end of which all events begin to be repeated) is the opinion that it is possible to withdraw from the processes. He asserted that the withdrawal occurs automatically, if only one gets a complete insight into the wickedness of the Kreisprozess.

The mentality of "withdrawing", arisen first in the sphere of religious thought, extends to every sphere of life, to politics ("The right to Ignore the State", chapter XIX of Herbert Spencer's "Social Statics"), to economy ("Free Banking", withdrawing from the monetary sphere of the State) and to personal life.

Very faithfully Yours - signed: U. v. Beckerath.

U. v. Beckerath,

12. VI. 1949.

Your letter of 9. VI.

Dear Mr. Meulen,

Malthusianism. I thank you for "The Individualist" of December 1945. It's a very interesting number and Colin Clarke's figures of the pre-war **real** income are - - I think - - water on **my** mills. (Not on yours, respectfully remarked. Kick me, if you can.)

I do not know what Colin Clarke understands by **real** income. Experts do not agree on all points, when they define the notion. Them Germans say: The real income is that part of the income which is not necessary to secure the income. Example: A worker spends 10 Dollars a month for an auto. The auto enables him to work at a factory where he earns 250 Dollars a month. Then - - inter alia - - the 10 Dollars must be deducted from the 250 Dollars, to get the real income. If there were a factory at a distance of 1 mile from his lodgings (that means, it could be reached without the help of a car), where the worker gains 245 Dollars a month, then his real income would be greater. There may be different opinions about the role of the taxes in statistics of real income. From our standpoint the greatest part of the presently levied taxes are spent for purposes against the interests of the working class. In Nazi-Germany a great part of the taxes was spent for war-preparations, political policy, monuments about which the people laughed, etc. To estimate the real income of the people, that part must be deducted from the whole income. On the other hand: If I would have been compelled to buy the books which I read gratis at the Prussian State Library, then this would have been an expense of at least 100 old gold pounds a year. Moreover, I would have been compelled to hire a larger flat than I did (2 bedrooms and a kitchen at the Lessingstrasse - - where I lived better than a Maharaja in his palace - -). Thus I can say that the burnt library added more than 100 Pounds yearly to my income. (Rather, the books he did not have in his library, because he could read them free of charge at a public library! His library reduced his freely disposable income, as a self-education expense. But it increased his mental income or earnings and, thereby, also his potential monetary income, at least on a really free market, which would have appreciated the knowledge he so acquired. - J.Z.) That is merely to illustrate the notion. I admit that for the greatest part of the people the Prussian State Library added nothing to their incomes, set aside the parts which It added indirectly.

Real income (Ind., 9 Dec. 1945) and net output (Ind., April 1949) are not the same thing. The Definition of net output is: "The value added by manufacture." Where taxes, rents and items of other expenses are high, there the net output may be great, while the real income of the people would be low. Such a state prevails now in some parts of Germany and, very probably, also in Russia. But at Zanzibar - - I read - - the people work 2 hours a day and are, thereby, plentifully supplied with all they want. The net output at Zanzibar is certainly low but the real income is very high - - all circumstances taken into consideration. I got my information many years ago. Now the situation of these people will probably be worse.

That such a rich country as Belgium should have had a real income per capita of 600 Doll. and Russia, such a poor country, 320 Doll., so that the wealth per capita in Belgium would not have been greater than 189 % above the average Russian wealth, I can hardly believe. Certainly, the wealth in Belgium is badly distributed. Some people being extremely rich and a great part of the workers does not earn more than the minimum for existence.

(J.Z.: The officially estimated average income for Soviet subjects is probably greatly exaggerated here. Income under the Soviet Regime was also very unevenly and unjustly redistributed. And workers in Belgium, like in Germany, usually earned much more than the minimum for existence, as they found out during the war, when they were forced to survive on much less in real income. - I must admit that by now I find even U. v. Beckerath to be somewhat biased in the leftist direction. He was a long-term member of the SPD, over 50 years, I believe, until he finally gave up on it in disgust. - Even he, to some extent, was a "child of his times". - J.Z., 20.1.03.)

But the arithmetic average is - - I estimate - - greater than 600 Doll. per capita and year. But all that is not important for our discussion. What Colin Clarke will prove is - - it seems - - that the average real income is lesser in well populated countries than in others or, expressed in other words: the real annual income diminishes in the measure in which the population per square mile is greater.

(J.Z.: What I have seen of later writings of Colin Clarke did rather indicate that, like U. v. Beckerath, he opposed the Malthusian opinions. - Belgium is more populated than India and China are, in the average, and, perhaps because of this, or because of its greater industrial development and economic freedom, its standard of living is higher! -J.Z.)

The Table that Colin Clarke provides does not justify such an opinion. Let me repeat the table from the December Issue 1945 of The Individualist and join the population per square mile, taken from The Almanac of the World, the well known Daily of New York, edition 1934.

Name of country	Population per square mile	Real income per head in Dollars.
United Kingdom	505	1069
Holland (Europe)	611	855
France (Europe)	197	664
Denmark (Europe)	207	680
Belgium (Europe)	693	600
Japan (proper)	433	353
Norway	24	539
Italy (Europe)	344	343
Russia (Europe)	13.2	320
India	195	200
China (18 provinces)	290	120 (Tibet, the Gobi etc. excluded)
USA	41	1381
Canada	2.8	1337
New Zealand	14.6	1202

If one wanted to prove that there is **no** correlation between the average real income and the density of the population - - the word taken in the usual sense - - then Colin Clarke's table would be suitable.

Why does Colin Clarke not mention that, in every of the countries indicated in his table, the real income per capita was **increased** in the measure by which the country was more populated?

Colin Clarke does not say it expressly but means: The social conditions of a country are of no influence on the average real income. Here Colin Clarke is **very** mistaken. These conditions are the most important factor. The emigration from China and from India is due to the extremely bad social conditions in these countries. The share of the worker in agriculture in India as well as in China does rarely surpass 1/5th of his product. The remaining 4/5th are shared by the land owner, the governor, the robbers (a **very** important factor) and some others - - in India the temples and religious beggars constitute a heavy weight. In both countries the role of the usurers is noticeable. Rent and taxes must - - not in all districts but in many - - be paid in cash. The peasant never sees cash. The usurer pays the taxes for him. The interest is paid in products, so that the **real** interest is much more than 100 % a year.

(J.Z.: I do believe that B. misunderstood C.C., perhaps because Meulen had only too shortly quoted him and had also misunderstood him as defending Malthusianism. - J.Z., 20.1.03.)

In France, too the share of the peasant in his product was, in 1789, about 20 %. (Hyppolyte Taine counted 19 % in an example. - "Origines de la France contemporaine". Burnt.) Taine thinks, that if the part in any country is so low, the peasant uses opportunities to revolt. (He does not create such opportunities, but he uses them.) History seems to confirm this opinion.

Suppose, the whole Earth would belong to **one** man. Suppose further, there would be two other men, who recognise the right of property of the first - - for religious or other reasons. Suppose further, the proprietor is a pious man, who does not spend any more than his daily work would permit him. Then the Earth would seem terribly overpopulated. The proprietor would say: Dear brethren, I do not know how to help you. But to please our gods, I will share my poverty with you. So he does and all three live from the work of the proprietor and feel always hungry.

After some time the proprietor gets the excellent idea to let the two other help him in his work. How to do this? They are free men, like himself, and he has nothing to prescribe to them. But he says: Brethren - - the gods enlightened me and gave me the idea of **one** job. I will give the job to him who offers me the best conditions. Berries are to be picked in the woods. I know, by own experience, that a man may pick 3 baskets of berries if he is diligent. I would like to get a part of the berries. Who offers the greatest part? The one answers, that he will deliver daily one basket. The other outbids him and offers 1 1/2 baskets. At last, one offers 2 baskets and gets the job. The unemployed cries: Oh, gods, please kill the other man; you see yourself how **overpopulated** the Earth is. If he would be dead, then the proprietor must accept my conditions. But now we must compete - - competition is an invention of the devil.

After some time the ideas of social progress develop more and the proprietor thinks: I farm out the one half of the Earth to one of the men and the other half to the other and do myself nothing. Every one must deliver daily 2 baskets and do some other services.

The two people bless him and bring the gods sacrifices. Suddenly the overpopulation has disappeared. Everybody gets a job. "Experience" proves that the luxury of the rich provides employment for the people. But, from time to time, the proprietor gets the impression that it is wrong to let others work for himself. He again collects his berries himself and cancels the labour contracts. Thus a "crisis" breaks out. The workers implore the proprietor to restore the former conditions, which he at last does. A statistic teaches that the proprietor does gain no more than the others, that is, two baskets a day. That is perfect equality, for the others also earn no more than 2 baskets. What a good and just social order!

In **Japan** about 1/5th of the population is in the service of the church. (In Tibet too.) Must this circumstance be neglected if the low state of the economy in Japan is investigated? Colin Clarke does. (Did he? Up to which year did this estimate roughly apply? - J.Z., 20.1.03.)

Colin Clarke carefully avoids an answer to the question: What would be the **optimal** population for each of the countries, if Free Trade, Free Banking and all the other freedoms demanded by the Personal Rights Association would be obtained by the people or - - more exactly spoken - - by the aristocracy of the people, the word taken in the Greek sense? (If the aristocracy resolves to **lead**, the people will follow, and then the movement becomes democratic.)

Very faithfully Yours - signed: U. v. Beckerath.

The province **Kiangsu** (capital Shanghai) is populated ("World Almanac" 1934) by 37, 700, 000 people on 38,600 square miles. But the supply with food is, in normal times, better here, than in any other province. From the report of a German engineer - - published about 1924 - - and communications of the 18th son of a Canton Banker - - Yue - - **Zander** will well remember him - - I learnt that about 6/7th of the fertile ground in China is not yet under the plough.

Bth.

U. v. Beckerath,
Berlin-Friedenau,
Schmargendorfer StraBe 21, III.
American Sector.

25.6.1949.

(The German Post begs to state the sector on letters destined for the Western sectors of Berlin.)

Dear Mr. Meulen,

your parcel with

- 1.) Montaigne's Essays, 6 vols.,
 - 2.) Bilgram, A Study of the Money Question,
- arrived.

That was worthwhile!!!! On the other hand - - it would be my **d u t y** in the next weeks and at present to apply all time and force to my pension affair, but the **pleasure** by the books is so great, that I simply was not able to do so.

Montaigne surpasses all my expectations. It's quite impossible to open one of the six volumes at any page and stop reading. Every line at once recompenses the time of reading it threefold and more. I will not take the volumes to my book-case but keep them on my table, to have them always at hand.

Bilgram fully deserves the honourable mentioning in Free Banking. He **sees** the problems and that's very much. How earnestly Bilgram sought truth and how impartial he was, I see from the quotations in Benjamin R. Tucker's "Instead of a Book", pages 130 and 457.

I am still studying Bilgram and beg a little time to work out my observations on the "Money Question". To-day, only a few remarks.

Bilgram, like **all** economists of the 19th century, overestimates, very considerably, the burden of interest, average cases taken into consideration. Bilgram's intention was to bring the workmen's income to its economical maximum and, therefore, meditated on means to reduce interest rates as much as possible, for in the budget of an employer wages and interest are items of equal range and, obviously, merely this fact taken into consideration, wages can be all the higher, the lower interest is. But such a simple consideration does not exhaust the problem. Cases where 15%, 20% p.a. interest and of even more, occur to the worker's advantage and are of practical value.

Example: At a little Building Society of the style formerly usual in England (I refer to the work of **Scratchley** about Building Societies) and now still frequent at New Jersey, USA, money is at hand for a loan of - - say - - L 100. Which member shall get it?

The Rule is: That member shall get the loan, which - - security supposed to be sufficient - - offers the highest interest to the society. The number of repayment months is 144 = 12 years.

(It is known, by tradition, that a repayment of L 1 a month repays the debt in 144 months and produces an interest of about 1/2 % monthly, that is between 1/2 % and 7/12 %.)

A member finds out, that if he buys a certain house and pays on account L 100, which the proprietor demands, he will save monthly 10 shillings for bus, streetcar etc, the saved time not taken into account. So he offers a monthly payment of L 1.5. The offer is accepted. Neither he nor the BS know, that his offer corresponds to a monthly interest of 1 1/4 % or, with compound interest = 16.1 % annually, for they are no mathematicians. 16.1%, that **seems**, at the first sight, excessive, but in this case it is no burden for the debtor, all circumstances taken into account. At the end of the year, the secretary, who had lent out the whole income of the society on similar terms, finds that - - expenses deducted - - the BS is able to distribute 15% on the members' capital.

Now the other side!

If a man saves annually, at the beginning of the year, L 10, at 15 % p.a., at the end of the 30th year he disposes of L 4,999.56. If he began to save at the age of 30, he is **rich** at the age of 60.

Thus, some decades ago, many workers of England became rich and, nevertheless, they were - - like every man who saves - - "public benefactors", as Adam Smith designates, very properly, the class of investors.

All that is here said about BS's was unknown to the public before Scratchley wrote his Standard Work about Building Societies. (It is already forgotten now, even by Building Society men, but 80 years ago it caused a little economic revolution. Now - - as nearly all things in the world - - interest in BS-loans is standardised and is low (about 4 % or 5 % p.a.), the dividend on BS-shares is correspondingly low, and a man who saves today L 10 annually, at the end of the 30th year gets no more than L 497.91, at an interest of 3 % p.a., so that he says: That is not worthwhile to begin with - - the risk of being plundered by the own government or in consequence of war to lose all, is great. I rather spend L 10 annually for my amusement! And he is in the right.

Economists never investigate the interest-problem by starting from such practical cases and, therefore, never ask, whether such cases may not be generalised, where a man wins a seemingly excessive interest and, nevertheless, the burden for the debtor is not greater than it would be in other cases of a **seemingly** similar kind but under smaller interest-rates. (**Seeming**, that is the matter!) Economists, invariably, treat the interest-problem in **general**; that is not false, but not sufficient.

Bilgram is no exception, but he is excused; Benjamin R. Tucker himself and even W. B. Greene were no exceptions on **this** point.

Also: In some sciences, to which political economy belongs, advances are not possible before all possibilities are fully discussed, the false and the right, and the man who discusses plainly and impartially **any** possibility contributes to the science not less than the man did, who newly attained certain results. (Philosophy is also such a science and my impression is that geology or evolution theory are also of this kind.)

The experiences in the **Bi-Zone** of 1948 and 1949, won by the emission of notes only by the Central-Bank, confirm Tucker's distrust in centralised emission.

(It should not be forgotten, either, that the liberating Allies did continue, from 1945 to 1948, the forced and exclusive paper money inflation which the Nazis had begun, i.e., their monetary despotism, which had contributed to the war! - J.Z., 21.1.03.)

(In his [Tucker's - J.Z.] case: Government emission, "Instead of a Book", pages 264/265.) Although the men at the Central Bank were not less trained than bankers in general are, the notes found their way only very slowly from the bank to the people, that is, to workers, shops of small size, etc. Several months after the first issue, the trade and the

working classes were very incompletely supplied with notes, so that stamps, cigarettes and tradesmen's tokens (much more primitive than in 1800 in England) had to widely substitute for the missing fiat money of the Central Bank. That was the case although the managers of the Central Bank did what they could to decentralise the issue by their numerous branches. It would be unjust to hold them responsible. But - - as experience showed - - Free Banking or Mutual Banking would have provided in some hours the exchange media which centralised banking could not supply in months. (John DeWitt Warner, "The Currency Famine of 1893", in "Sound Currency", a monthly at that time, published at New York, years 1895 and 1896.) Bilgram needed but did not know of such an experience. ("Such an experiences wanted to Bilgram" - Bth.)

In "A Study of the Money Question", pages 26 ff., Bilgram still pleads for centralised issue. If that kind of issue would be **essential** for his plan (I think, it is not) then it must be declined for **this** reason.

In his letter to Benjamin R. Tucker of 18.I.1890 ("Instead of a Book", page 265) Bilgram speaks about the expenses for administration of an issuing bank. Like more than 9/10th of all economists, Bilgram as well did not distinguish between the expenses for banks that are issuing certificates covered by long term loans and banks issuing notes covered by short term loans and does not estimate the amount of the expenses at all.

Roscher states in one of his books that the expenses of the "Wuerttembergischer Hypothekenverein", a large mortgage bank, issuing mortgage bonds, were about 1/6 % p.a. of the circulating bonds. That was at a time when typewriters, calculating machines and other modern facilities were not yet in use. I think in no German or other mortgage bank, issuing mortgage bonds, did the administration expenses ever exceed 1/2 % p.a.

In German savings banks, English Building Societies and American Building and Loan Associations the average amount of a administration expenses is also about 1/2 % p.a. of the capital administered, and in most cases less.

I know that at the old note banks of Germany the administration costs were also very small. If one would investigate the expenses of old Scottish banks, one would, probably, find them not exceeding 1/3 % or 1/4 % of the outstanding notes.

Such expenses are not a factor worth mentioning. Another factor is much more important. If government banks lend money - - say, at a cheap rate - - they regularly demand so much in "proofs", "information" and similar things, and are so circumstantial, that a merchant must sacrifice several days to supply the proofs etc., and the mass of paper filled is hardly less than the mass of the documents in the "celebrated" process reported by Rabelais in Gargantua et Pantagruel, where an ass or several asses were required to transport the paper to the court of justice. The expenses of that do not appear in the bank's annual report, and not even in the books of the merchant, under costs of the loan", they are booked as "general office expenses". Rittershausen knows merchants who renounced the "cheap" governments loans, because they had neither the time nor the ready money to provide the "proofs". (Many merchants get no loan at all after having spent time, labour and money to provide the "proofs". Suddenly came an order of the managers: Loans are **rationed**, the number of the applicants is too great. But if a merchant needs L 1,000 then, in many cases, L 500 are for him quite worthless, for a similar reason as half of a horse has, for many persons - - horse butchers excepted - - has not half the value of the whole horse.)

At page. 457/458 Bilgram and Benjamin R. Tucker discussed the case of **Frick**, murdered by mutinous workers in the year 1892 (or 1891). B. is in the right and Tucker, too. But the principle, by which the case may be judged, and which is brought forward by Tucker, is well accomplished by **Montaigne** in the first page of the first book of the essays. There M. reports that **Skanderbegh** of Epirus - - but let me use M.'s own words:

"**Skanderberch**, prince de l'Epire, suyvant un soldat des siens pour le tuer, ce soldat, ayant essayé par toute espece, d'humilitez et de supplications de l'appaiser, se resolut à toute extremité de l'attendre l'espée au poing: cette sienne resolution arresta sus bout la furie de son maistre, qui, pour luy avoir veu prendre un si honorable party, le receut en grace." (I won't even try to translate this, but YOUR translation is invited! - J.Z., 22.1.03.) (You are right, M.'s old orthography does by no means disturb.)

The situation of the working class at the time of Frick can not be judged **merely** from an economic standpoint as T. very rightly pointed out. They were under a hard military pressure and in most countries - - probably also in the State where Frick was killed - - even Mutual Banks were prohibited for them. Brutal force was the only remaining means to make the ruling classes understand that the limit was reached. Really applied, that brutal force made an impression on the better part of the ruling classes, similar to the impression on Skanderbegh (The spelling goes 2 :

1 for this version. - J.Z.) of his soldier, as reported by Montaigne. Not on the **whole** part, but on some. I think that the progress in the treatment of the working classes was **partly** due to the actions such as Frick's murder.

(J.Z.: I do not know why B. here did not point out the cooperative production options and the possibility to purchase enterprises on terms, using long term bonds, guaranteed by the associated workers, which would have been easier to organise than they are now, under numerous legal and bureaucratic restrictions. At that time there existed, as an alternative to trade unionism and class warfare ideas, a strong movement for voluntary or cooperative socialism. Here he speaks as if then forceful and revolutionary, even murderous action, would have been the only alternative. Even monetary freedom and financial freedom were then not as severely suppressed as they are now. Moreover, then there was always the emigration option and the degrees of freedom obtainable at the remaining frontiers of settlements. Maybe here he merely recalls better his opinions of his young days and does not sufficiently add the understanding that he acquired later? As long as I knew him, from 1952 to 1959 in person and to his death in 1969 by correspondence, he always condemned violent actions by unionists and, especially, murder, and pointed out the peaceful alternatives of various self-management forms, especially the ones of cooperative production and how the transformation could be achieved with the greatest ease. - J.Z., 22.1.03.)

The revolt mentality ([then existing?] and ceasing after 1900) in wide circles of society is reported by **John Babcock** in "Slaves of Duty", page 6:

"When in 1887, a war was talked about as imminent between Russia and Germany, the hope was expressed, by a considerable number of Russians, that, in the event of war breaking out, their own side would be defeated."

Partly this mentality was due to the numerous actions of the Nihilists in the 70-ties and the 80-ties, which had no immediate effect, but really were what they should be, a "Propaganda der Tat" (propaganda by deed - J.Z.), as the revolutionaries called it. If, at the same time, a war against England or America would have been expected in Germany, and the foreign governments would have declared:

German soldiers coming to us before the battle will not be treated as prisoners but as citizens of a neutral country, after the victory Germany shall have a constitution like that of Switzerland and, every Canton shall have the right to regulate its social and economic constitution, then the war would have been lost for Germany (its government, but won for most Germans - J.Z.) before it began. (At **that** time.) Bismarck said openly (in his memoirs or in one of his speeches) that at that time at great part of the army and especially nearly all sergeants were socialists and insofar not reliable in the next war, although, exactly for being socialists, reliable in the next war with Russia. Bismarck was in the right.

I expect the day, when a second **Seleukos** wins the troops of his enemy merely by propaganda, as S. did with the troops of Demetrius in the last battle of D. (Plutarch)

Let me contribute still some more lines to our discussion on overpopulation. The "Statesman's Yearbook", Year 1931, states the number of inhabitants per square mile in **Egypt** for the administrative Divisions, not belonging to the deserts (containing at that time - - 1927 - - less than 50,000 inhabitants) as follow:

Cairo	17,170,	Kalioubieh	1,519,	Total for Upper Egypt = 1196,
Alexandria	19,761,	Glznh	1,446,	
Canal	32,449,	Fayoum	827,	Total 1044.
Suez	10,131,	Beni-Suef	1,201,	
Danietta	34,907,	Winiah	1,074,	
Beheira	596,	Assiout	1,328,	
Gharbieh	654,	Girga P.	1,590,	
Menoufieh	1,777,	Kena	1,280,	
Daqahlia	1,054	Aswan	736,	

Since 1927, where the whole population was numbered to 14.2 millions, it rose to about 19 or 20 millions. And **still** the problem of the country is not to supply the population with food, but to **sell** the food produced. Admitted, the greatest part of the population is ill nourished, but certainly not for lack of food in the **country**.

The above numbers surpass the numbers of many **towns**.

From the Yearbook of the American **World**, 1934, I take these figures:

Population per square mile

1.) Akron, city	=	6,783.0	
outside	=	446.6	together = 1,428.0
2.) Baltimore, city	=	10,224.5	
outside	=	300.9	together = 1699.6
3.) Chicago, city	=	16,723.3	
outside	=	1,077.3	together = 3,899.6
4.) Dallas, city	=	6,234.4	
outside	=	106.3	together = 613.9
5.) Detroit, city	=	11,375.4	
outside	=	880.8	together = 2,819.4
6.) New York, city	=	23,178.7	
outside	=	1,000.6	together = 5,897.2
7.) Philadelphia, city	=	15,241.0	
outside	=	1,035.0	together = 2,864.
8.) Memphis, city	=	5,542.9	
outside	=	131.0	together = 1,248.5
9.) Hartford, city	=	10,332.0	
outside	=	558.2	together = 833.9
10.) Denver, city	=	4,967.4	
outside	=	173.6	together = 1,084.1
11.) New Haven, city	=	9,081.8	
outside	=	567.0	together = 1,179.3
12.) Salt Lake City	=	2,695.4	
outside	=	110.8	together = 409.1

etc.

14 of the 51 numbered great towns had less than 1,000 inhabitants per square mile.

That not the quantity of **food**, but the measure of **employment**, that banking facilities and a legislation that permits them is essential learned from a work of the highest authority which you will not quite reject: **Free Banking**, 312. Quite correctly, it is there pointed out, that countries, seemingly overpopulated, really may accept an unlimited number of immigrants, also of Chinese and similar races, and that to the advantage of the working class. (Unlimited means: That merely **lodging** is the limit, not food.)

If the publisher of the Malthusian Paper, the "New Generation", would be a **dutiful** man, he would many years ago have written to the editor of *The Individualist*, "that after a search, so painful and so long, in my whole lie, I have been in the wrong!" Pater peccavi! And he would have added: From today I stop the publication of my paper and deliver the subscribers to **The Individualist**, and beg you to kindly assist me. But he seems to be a man of **pleasure**, who likes to repeat today what he said yesterday, to save the trouble of learning something, even if not from **such** an authority.

Very faithfully I remain Yours - signed: U. v. Beckerath.

27.6.1949.

Dear Mr. Meulen,

you are quite right, the matter is too serious to crack jokes about it. Let me tell you quite openly how I see it.

If I remember well, your explications (explanations is more commonly used. - J.Z.) - - I should say your discoveries - - pointed out in Free Banking, page 342, were already contained in the first edition, that is, in "Industrial Justice by Banking Reform", published 1917.

Malthus has been refuted from many standpoints, but **you** used the most powerful argument against him - - an argument impossible to be discovered by old **quantitative thinking** - - the argument: The supply of any population is a question of **note issuing** and not a questions of the quantity of food or the quantity of men or of the relation of these two quantities. (**Cassel** - - whose merits no expert can deny - - wrote a book "On Quantitative Thinking in Political Economy", where he defends that method, used by him, with much success in many investigations, but without clearly stating the other method, which until now has no proper name, but whose essential feature is: Trying to find out **all** possible standpoints from which a matter may be considered and enumerate them systematically, also to find out the "logical weight" of the arguments pro and con.)

(It is so happens, that this is the kind of method that I am instinctively drawn too, although I have not yet **fully** applied it to any topic that I am interested in, for lack of time and energy, and also for lack of interest in any single topic. There are always so many others to be dealt with. A similar approach has been termed, a few years back, the "multi-hypothesis" approach, as opposed to the "single-hypothesis" approach. Robert Sagehorn pointed it out to me and I microfilmed a short paper on it. -J.Z., 22.1.03.)

Suppose, **one** politician of influence, engaged in the immigration problem of South Africa, would have discovered your hint 30 years ago, would have been convinced and would have written a pamphlet: "Increasing of the worker's income in this industry by Indian Immigration and Banking Reform". What would have been the **probable** effect?

1.) A violent discussion would have arisen. Your name and the principles you defend would have been known in the whole of South Africa and, certainly, not only there.

2) The Indian leaders would have taken up the hint. They would have studied the matter (probably for the first time, that coloured leaders would have studied **that** matter) and would have daily repeated: All arguments against Indian immigration are now untenable and he, who uses them, proves merely his ignorance or his wickedness. (Imagine that Gandh would have picked it up, in his early period in South Africa! - J.Z., 22.1.03.) And to their countrymen in India, they would have written: What we would attain by emigration may be easier attained by **Free Banking**, and that reform must become the main point of our reform programme.

3.) India would - - if Free Banking would have been introduced in South Africa - - not be lost for England. Certainly, it is true what today is said by so many: India has been lost by ill treatment of Indians at South Africa, not in India.

(Hm, - I just read something about the earlier abuses of English rule in India, in: Mrs. Mercy Otis Warren, 1728-1814, History of the Rise, Progress and Termination of the American Revolution ... 2 vols, pages 596 ff, in the second volume, as produced by Liberty Classics, 1988. I do also vaguely remember reading about abuses in India and China in one of Winston Churchill's historical writings. He, too, inevitably, was more objective about the wrongs and mistakes of others than his own. - J.Z., 22.1.03.)

Many millions of men, killed in the civil war in India, would still be alive, many towns and villages would not have been destroyed.

It would not have been the first time in history that immense social reforms were introduced by the enlightenment caused by **one** author. You know the examples better than I do.

The immigration problem and the problem of possible or existing over-population are merely two sides of **one** problem. I hope, that we do agree here. But, if it is your opinion, that there are two **different** problems, or if your opinion, expressed at page 342 of **Free Banking** has changed, then - - it must be - - please, written about, in some lines, in "The Individualist" or wherever you think fit.

Noblesse oblige. In the "republique des lettres" not less than elsewhere. In your hand is now the power to conquer not only South Africa for the white race as well, as for the Indians, but other continents, too.

That the money problem (note issuing problem, banking problem) and the immigration problem are in reality the **same** problem, that is a discovery such as Newton's discovery (or whoever may have first discovered it) that the gravity of terrestrial things and the moving force of stars are identical or Franklin's discovery that lightning and electrical sparks are essentially the same thing. There are only two men in the world to whom I dare to utter such an opinion: You and Rittershausen, the average economist would believe me crazy.

U. v. Beckerath, ...

28.6.1949

Your letter of 25.6., received today.

Dear Mr. Meulen,

that your stomach is still improving that's an excellent news. For note-monopolists it will - - I hope - - be a **bad** news. They tremble to hear that you prepare a new book: "Note-monopoly, the grain of sand in the economical dynamo - - don't take it easy!"

(Does the unpublished manuscript, however unfinished, for this book still exist, somewhere, in the possession of his heirs? Are they willing to make it available for publication, on microfiche, floppy disk, CD-ROM and online??? - J.Z., 22.1.2003.)

Malthusianism. That is true: My argument concerning "real income" does not affect the **principle** here in question.

Your opinion, that Chinese farmers still get bigger crops per acre by hand labour than does the Westerner, is confirmed by many observers. My late friend, Dr. Unger, who visited China, told me, that Chinese agrarian methods were scientific experience of many centuries, and attaining results equivalent to Western methods. Chinese peasants talk constantly about their work, discuss their results, conserve in their very good memories the experiences of their ancestors and not infrequently gain new ones. Unger thought that a man, 30 years doing the same work with great care, being deeply interested in the work and who's religion includes this work, gets a scientific mentality concerning that work, as good as a Western professor, who only from time to time is occupied in agrarian investigations.

You are inclined to doubt that 6/7th of the fertile ground in China is not cultivated. Let me state here, from the Statesman's Yearbook, Year 1931. ("Why keep a dog and bark myself?")

The 18 provinces of China, that is: excluded Sinkiang, Manchuria, Mongolia and Tibet. (Mongolia = 1,367,600 sq.miles.)

Area and arable area	sq.miles	arable land in "Mow	
		(1 Mow = 1/6 acre)	1 acre= 0,00356850 sq. miles (Hering, "Conversion Tables)
Chihli	115, 800	68, 841, 064	$\frac{737, 512, 938}{1, 534, 420} = 513,2$
Shantung	55, 970	98, 472, 846	
Shansi	81, 940	53, 285, 401	
Honan	69, 830	78, 820, 814	= 513,2. 1/6. 0,001,563
Kiangsu	38, 600	64,754, 717	= 0.134.
Anhui	54, 810	74, 078, 633,	
Kiangsi	69, 480	46, 218,727	
Chêkiang	36, 670	46, 412, 025	
Fukien	46, 320	12, 862, 664	
Hupeh	71, 410	59, 443, 944	
Hunan	83, 380	31, 304, 273	
Shensi	75, 270	25, 842, 012	
Kansu	125, 450	23, 536, 821	That means: Of every sq.m.
Szechwan	218, 480	46, 381, 939	are 0.134 sq. m. arable
Kwangtung	99, 970	34, 393, 909	or about 1/7 th - 1/8 th
Kwangsi	77, 200	8, 360, 179	From the numbers cannot be
Kweichow	67, 160	2, 985, 400	derived, that the arable
Yünnan	146, 680	9, 317, 709	area may be augmented.
	1, 534,420.	737, 512, 938.	

From reports of travellers I know, that it may be considerably increased.

Kiangsu is the most populated province. (1923: 33,8 mill. of inhabitants, estimated by the Chinese postal directory = 876 inh. per square mile) and in this province only 64 754 717 Mow = 16, 862 square miles are arable = 16, 862 : 38, 600 = less than 1/2.

For Great Britain the corresponding numbers are (Year Book, page 47.)

Divisions	Acres			
	A.	B.	C.	D.
England, excl. Monmouth	32 034 000.	3 575 000.	13 444 000.	9 176 000.
Wales, incl. Monmouth	5 099 000.	1 718 000.	2 104 000.	657 000.
Scotland	19 069 000.	9 501 000.	1 569 000.	3 072 000.
Isle of Man	141 000.	39 000.	21 000.	59 000.
Channel Islands (1923)	44 000.	2 000.	10 000.	21 000.

A = Total surface, excluding water, 1930.

B = Rough grazing land, 1930.

C = Permanent Pasture, 1930.

D = Arable land, 1930.

From that little statistic it may be seen, that at Kiangsu the proportion of arable land is about like that at the Isle of Man or at the Channel Islands, and that in China, in the average, the arable land is about 1/2 of the arable land in England. These are quite credible figures.

(With more technology and engineering, especially irrigation works, the arable land area in China could be greatly increased and much of that may have been done even by the Red Chinese dictatorship, at a huge cost in manpower, often forced labour. I have seen them operate, in pictures, in masses, using just shovels, buckets and wheelbarrows. Naturally, the Communists knew nothing about the proper financing of agricultural improvements. They don't bother about them, they have their slaves. - And I have heard one Australian "economist" "justifying" this abuse of manpower "as the only way"! - J.Z. 22.1.03.)

You are right concerning the extreme poverty of the farmer. But China had in 1948 and 1949 extensive agricultural revolutions (That was the propaganda pretence of the Communists under Mao! - J.Z., 22.1.03) - in the style of the German peasant revolts in 1525 and 1526. Many thousands of the great land holders are now dead (Yes, murdered, together with dozens of millions of other innocents! - J.Z., 22.1.03.) and if Mao Tse Tung does not restore the old slavery under other names, the poverty will diminish and things by and large will go as after 1789 in the agrarian provinces of France, where now very considerable wealth has replaced the old poverty, in spite of crazy taxation and scarcity of capital for agrarian purposes.

(In the night of 4.8.1789 - - when the National Assembly abolished feudal rights - - 60 castles in France were burning.)

The possible improvements in China are, inter alia:

- 1.) Exchange of land between neighbours. It is not seldom, that a peasant possesses 6 or more small parcels of land and needs several hours to walk from piece 1 to piece 2 and so on. The neighbour is in the same situation. By an exchange of the pieces the "running idle" time in Chinese agriculture would be very considerably diminished and the productive capacity in many cases increased by 1/3rd or more. Prussia had an excellent legislation for such cases, imitated by several governments. (The process was called "Flurbereinigung". - J.Z., 22.1.03.) China should copy it.
- 2.) The transport facilities can be very considerably improved. Field railways could save time and work of men and draft animals. The lack of field railways is one of the causes why China's population is so congested in some districts and others are empty. Here is an immense sphere for English and American industry. A proper system of instalment selling is a necessary precondition.
- 3.) A great part of the population is constantly sick. (Let Zander tell you. He knows well and personally the physician of Chiang Kai Shek.) An improvement of medical services would greatly increase the agrarian output.
- 4.) Creating purchase facilities for simple tools as hammers, nails, etc. Now many peasants manufacture such tools themselves and lose much time.

(Judging by the cheap tools offered now in Chinese bargain stores in Australia, at least that problem has been overcome there. Alas, the steel used in these tools is often of very inferior quality, as I know from my own experience. - Cheap tools seem to be at least available, there as well as here. I do not know whether the farmers can afford them or better ones. Monetary and financial despotism still prevails there, as in Russia, after the latter's all too limited "liberation". - J.Z., 22.1.03.)

Banking. Concerns supervisory committees we agree, but the public trusts in the and by their presence the public's trust is augmented. Yet freedom for experiments will create the now lacking experience. About the redemption of notes in gold, **Bilgram** expresses some well founded opinions. He says, that in the case where the redemption was upheld, the banks could have done very much more than they did for commerce and production, if they had not introduced such a system. (Page 29 and others.)

We agree that Freiburg Notes would not circulate at per at Solingen or probably would not circulate at all in daily business. But Solingen **Banks** will find out the possibilities for sending the notes back to Solingen and therefore will accept the notes at par or at a very small discount. The Freiburg firm will give Bills of Exchange, so as it did 100 years ago, and the use of such bills as money is no problem. When I accepted the example of paying Freiburg-Exports in notes, then it was with the intention of showing, that even in this case - - paying by notes instead of paying by exchange bills - - the system would operate.

The importance of the "Rückstrom-Principle cannot be exaggerated. It is the rock of the future economic system. It replaces the gold redemption and makes the people independent of the supply with gold.

From Bilgram I learnt an interesting item. Private gold coining was permitted in California, but the privately manufactured gold coins were **not legal tender**. That was a good solution.

Why not permit private coining and include privately coined gold pieces in the free bullion market? That market would be very much improved and bankers as well as the public would be better served by that market than without the inclusion of privately coined gold pieces.

If a real distrust against notes arises, then gold will be preferred - - if one can get it - - to all other commodities.

"Freethought News". Yes, I wrote that it is possible to consider the fundamental forces of matter as derived from the vital forces of the universe. My opinion was merely: It is **possible**. I admit, that there is no need to think of representing of these forces in this way, at least not at the present state of philosophical science. You are right: There is evidence of the forces of attraction and repulsion in matter. But this evidence does not reveal the origin of the forces or, if there should be no origin at all, nor the fact that these forces are eternal, as matter is now represented. Further, the evidence does not prevent us from supposing that these forces owe their existence to a "corrosion process" of some vitality. This kind of representation has the same logical weight at the representation of a development of the vital forces from gravity, electricity, etc. - - at the present state of philosophical science.

(J.Z.: Cosmology as well as nuclear "sciences" are so full not only of "discoveries", hypotheses, speculations and theories and the presently predominating ones are forever changing, that I do not take any of them serious. In spite of their often very expensive "backing" via enormous machinery, mostly paid for by involuntary taxpayers, their genuine validity seems to me to be no higher than the mere speculations and prophecies of the mystics and scholastics and the numerous contradictory theories in philosophy, economics, politics, psychology and in the arts. Time, space, matter, energy, electricity, gravity, magnetism, light, maximum speed, maximum temperatures, maximum durations, life, the ultimate forces and causes in the universe, are still more mysteries than fully revealed and understood realities. Even our brains, in spite of numerous discoveries, are still so much unknown to us that we have not yet managed to construct a single AI of its capabilities, although we have constructed faster calculating etc. machines by the millions. The more we discover about them, the more still unknown aspects become revealed to us. So I cannot get excited about and interested in the very latest discoveries and speculations, since, perhaps already tomorrow or next months or next year, there are likely to be contrary or other ones advanced, that are then fashionable for a short while. - J.Z., 23.1.03.)

Schopenhauer demonstrates a third kind of representation: He says, that gravity, observed in its astronomical activity, gives the impression of being of a vital kind. It guides the planets and the moons, so that the stability of the planetary system is conserved and never does planet get so near to another as to endanger it or another by the

possibility of a collision or a too great attraction. Mathematically that important fact expresses itself by the irrationality of all astronomical items in their relations. Laplace proved that if the astronomical elements were in their respective relations rational, that is expressible by integer numbers, then the whole system would soon be brought to a standstill. So, by gravity our star system contains an element analogous to self-preservation, and that is a vital element.

It must not be forgotten, that **matter**, in the last resort, is a product of the **brain**. Matter is a necessity of thinking. Beings on other stars - where, perhaps, chloroform is that, what oxygen is for us - - may not produce the notion of matter and, nevertheless, calculate their astronomical data as exact as our astronomers do. To them an eclipse may appear as an interruption in the harmony of spheres which they constantly hear. But others said that better than I do: The notions "matter", "force", "distance", "continuity", "interruption", etc., do all contain a subjective factor. Kant and others tried to eliminate this factor. If the subjectivity is admitted, then matter etc. cannot any more be taken absolutely serious, so as heaven cannot any more be taken absolutely serious, once it is discovered, that nearly all of it is of a subjective nature.

I hope to be able to write in one of my following letters more about it.

(J.Z.: An instance of the subjective misconception, associated with the property concept so dear to most libertarians: People owning land do assume that they own its surface and everything below and above. But neither everything below nor above is within their control, which is a definitional requirement for property. Moreover, even the borderlines of their "property" are not clearly defined. Does the "below" part, which, after a few kilometres is certainly out of their "control", go merely to the centre of the Earth - or does it go beyond that and thus conflict, there, at the opposite surface, with other such claims? Or does it go, then, even beyond, into the ever changing "heavens" of the beyond and to all the stars, nebulas and planets, comets etc. temporarily enclosed in that segment? As for the molten matter of Earth under their real estate: Can they really "own", even theoretically, a segment of that e.g. boiling magna or iron, flowing, ever changing and under enormous pressure? If, miraculously, they could get a tiny segment of it into their hands, still hot and under pressure, - it might explode and destroy them. Now take the view from their property into the heavens. How far can they practically claim and control their property and all the air above their segment and all the almost empty space above that? A few kilometres upwards, they would need life-support, usually provided by others, in planes or rockets, in space suits etc., and protection from the sun and cosmic rays, meteors etc. Without them, they would be dead within a few seconds and become a meteor themselves. Moreover, taking the rotation of the Earth around its axle and around the sun into consideration, also the movement of the sun within our island universe and the movement of that island universe itself, as a whole, against all the other spiral universes in existence (their total number, if limited at all, is still not determined), then, where are the fixed borderlines for their property? How much of the total heavens and its contents do they "embrace" with their, supposedly rightful and exclusive property claims, during their movement through all of space? Can each proprietor rightfully and sensibly claim and control all of that? What about the same claims of all the other proprietors, which would thus conflict with their own, even though only temporarily, due to the various periodic rotations that are involved. Now they stand in the middle of these very absurd claims and have not even thought, in most instances, how far they go, how absurd they are or how limited. They assume that it is a fixed point or place, with fixed borderlines. But it is moving all the time, with the whole planet on which they live. So at most it is fixed only with regard to that planet. Every moment they move, at high speed, from their previous "fixed" point in space, their limited standpoint or point of view. It is as limited as the world view of a day-fly or of an ant in an ant heap. But, they are proud "proprietors", they think and they think themselves as being reasoning, consistent and even radical thinkers. Michael Greene, a libertarian, who respects some ideas and opinions of Henry George, once said to me that even landed property (that on a supposed flat Earth or the surface of the ball of Earth), extends only as far as is conceded to you by your neighbours. Everything else is a legal fiction. Or sheer unfounded and absurd speculation. Naturally, good neighbours do respect what they consider to be your property rights. And they do band together against coercers. - J.Z., 23.1.03.

Some trifles. Interest. One of the exchange offices of Berlin, that exchanges East-mark into West-mark and vice versa, offered 2% **daily** for a loan. That was considered as excessive (what it is - - average credits taken as standard) and as the cause for that exchange office becoming bankrupt. But the interest was, in effect, **low**. That can easily be proven. The difference between offer and demand is always 20 East-Pfennig. Example: Today the office paid for one West-mark 5.60 East-mark and demanded 5.80 East-mark for one West-mark. The difference is $2/58 = 3.45\%$. If the Exchange office borrows its commercial capital it wins 3.45%, if that capital is turned over

once a day. If it is turned over several times a day - - say X times - - the office wins X times 3.45 % a day and, to pay from that gain 2 % is neither a risk nor a problem. The quotation of today is the highest for a long time. The average quotation was in the last weeks about 4 East-marks for 1 West-mark for buyers of West-mark. $20/420 = 4.76\%$. If I would be the owner of an Exchange Office, I would be rich in a few weeks. So would the owners, maybe, if it they do not lose their gains at the turf, in card games, by pleasing women and drinks.

Women violated by Russians. I append a report from the "Kurier", and add a remark from an English translation:

"A delegation of German women came to Russian commander of Döberitz, complaining of the too tender treatment by members of the Red Army.

The commander answered: Have always a little bottle of ink in your pocket. If you are in danger, pour the ink over the uniform of the soldier. Every soldier has but one uniform. So I am able to find out the violator at once.

"So - - adds the "Kurier", one may in the Goothe-Year 1949, quote from Faust, I. Part, verse 3834, "Nachbarin, euer Flächchen" (Neighbour - - your smelling salts bottle).

Further remark: Ink javelle water - - "Tintentod" (ink spot remover - J.Z.) is to be bought only for West-mark - - bed luck!" (B. wrote "bed" luck but may have intended to write: "bad" luck. - J.Z.)

It is not right to mock the commander in this way. His expedient is excellent and if applied in every case the number of violations must be reduced. Obviously, the commander tried earnestly to help the women. That deserves acknowledgement. (J.Z.: But he neither granted them licences for concealable guns nor arranged for sufficient brothels for his men or frequent enough leave or for girl friends or wives to visit them, nor was he authorised to do so. - J.Z., 23.1.03.)

Very faithfully yours - signed: U. v. Beckerath.

Please turn over.

The cutting from "Truth" (an excellent paper) is **very** nice. Thank you very much. I will present the cutting tomorrow to an amateur painter I know (a lady) who will appreciate it. The sickness of "modern" painting is international. In Germany nearly the same. The worst it was in the years after the first world war. Then the Spaniards held the record. I predicted to my friends a civil war with most extreme cruelties when I first saw the Spanish "paintings", not because the paintings arose from the brain of some delirium tremens painters, but because they were accepted with applause, in the whole of Spain.

Bth.

U. v. Beckerath, ...

29.6.1949.

Dear Mr. Meulen,

just on my way to post my letter of yesterday and the others, I receive your second letter of 25. VI.

That is the trouble with men like Kenneth de Courcy - - they do not understand the role of banking. They are not excused by the fact that more than 9/10 of the people do not understand that role, either.

I agree with your opinion on strikes by tax-payers. Today such a strike is impossible and very probably it would not have been sufficient at the time of Benjamin R. Tucker.

You say: "... men should not enter a profession where there is so much competition." Where Free Banking is not in full use **every** profession is in too much competition. The effects of the money monopoly are very much sharpened by other monopolies, such as the land monopoly. (And the territorial monopoly of present governments. - J.Z., 23.1.03.) If the money monopoly is broken, then at the present state of European or USA-Society all other monopolies cannot be upheld. In a primitive state of society, where barter is natural, the land monopoly prevails among the economic evils. (Rather, among the anti-economic ones! - J.Z., 23.1.03.) Henry George did not see that.

Engineering????? For a time the worst profession in Germany was that of an engineer. The young people get their technical education at a time when engineering seemed a very good profession. Then the crisis came. The

engineers must apply for assistance to unemployed as well as the men with diplomas in languages. I do personally know examples. And before the first world war? Was the situation so different?

(J.Z.: Unemployment in my time in Berlin reached 300,000. Among them were about 20,000 professionals. Prejudice, ignorance and thoughtlessness claimed that most of the unemployed were voluntarily unemployed. But could the same people seriously assert that e.g., these 20,000 professionals as well, among the 300,000, were all voluntarily unemployed? They would not have dared to raise such an accusation into their faces or in their presence - or even that of any of the other unemployed. - Those who knew some of the 270,000 personally would also have known that most of them, and quite desperately so, but also in vain, wanted paid jobs, looked for them and could not get them. Competitively issued banknotes etc. did not hunt for their labours and services. They were not even allowed to do so. The plentiful supplies in the stores could not be legally monetised into wage payment means for productive labours. When workers helped themselves to employment, using monetary freedom means, the laws, courts and lawyers closed them down. There was one case in which a coop of workers, there may have been some professionals among them, achieved an agreement with one of the big department stores. It was Karstadt, I believe. The workers cleaned up bricks from the rubble heaps and were paid for large quantities of these cleaned bricks with bills of exchange or IOUs from wholesale traders in bricks or builders. With these they could not buy their food, drinks and other consumer items they needed. So they approached that big department store and succeeded in getting these bills and IOUs discounted. Not in cash, mind you, because, due to the deflation and depression in Berlin, Karstadt was short of government money cash as well. Instead, Karstadt paid them in self-produced goods and service vouchers, accepted like ready money at all Karstadt stores. These the workers could easily use and did so gladly. And Karstadt, in wholesale trading, restocking its shelves, could use the bills of exchange and IOUs of the brick trading or brick using enterprises, not directly but indirectly, to restock its shelves. Everybody was satisfied, as far as they could be by such self-help steps, except the bureaucrats. They threw the book at them, or, rather, many law books and paragraphs, and closed them down. Even some legal prosecutions may have occurred, for the participants were certainly liable to some severe legal penalties for their self-help "crime". Would that also have happened if these workers had been armed, trained and organized and had the support of the trade unions and those parties which claimed to represent the workers? Or, merely, if the voters had been informed about and appreciated their monetary rights? Or if a referendum on this could have been conducted. The constitution provided it. Politicians and bureaucrats delayed the legislation, to be passed for this, for many years and may even do so still now! You can rest assured, that these monetary freedom pioneers did not receive, either, any thanks from the Magistrate or Senate for having helped to reduce the rubble heaps of Berlin and for having reduced the high expenses of Berlin for unemployment benefits. Most considered the case to have been merely a curiosity, an event reported one day in the newspapers and then to be forgotten. But with that action a potentially great revolution had begun and with more comprehension among the public, the media, the economic scientists and political experts, it could have spread, to benefit not only Berlin but the whole world. However, the predominant statist mentality in favour of monetary despotism stepped on it, in its early stage, giving this rightful and efficient self-help method no chance to be more widely understood and applied and developed into an alternative payment and banking system, one to do away with most of the then existing monetary crisis and to prevent further ones. - J.Z., 23.1.03.

Book education. In the US, before 1865, when slavery was (officially) abolished, it was prohibited, by severe punishments, to teach reading and writing to a slave. In some Italian States only people with a relatively high income (I forgot the figure) were permitted to learn reading and writing. The effect - - intended and attained - - was that 9/10 of the people were illiterate. Savoy was one of these states and the respective laws existed still in the first decades of the 19th century. Malvida von Meysenbug, an excellent (**very** excellent) author, reports in one of her essays (On Italy's women) that she had an opportunity to talk in a society at Rome with some women of the Aristocracy. M. v. M. remarked that the Earth is moving round the sun. The Italian ladies were terrified and seemed to feel the Earth's rotation and revolution. That was about the year 1880. Priests and Feudal Lords asked why should women have so much book education? Until now things went very well!

I confess: I feel unsure in the society of people like that and the mere fact that slave holders are adversaries of book education for slaves gives me a strong prejudice for a book education extended to its possible limits. And if there would arise a discussion among my friends about good or bad effects of book-education (it does not arise) I would tell them: Please - - here is a living test - - look at the editor of "The Individualist"! Do you think he would perform what he does perform, in every number, without his extended book education?? Would he have been able

to write **Free Banking** without being educated by the numerous **books** he mentions, the refuted ones as well as the others?

"Nobody need ever know how a child was conceived". I conjecture that producing children by insemination has a similar effect on the produced children's mentality as the marriages - - father 11 years, mother 9 years - - in India and Africa, similar, but much, much worse in degree. In India there are people enough who well distinguish men born from such parents from other ones.

"It is the disturbed political state of the modern world which causes men to insist on payment in their own currencies."

I beg not to underestimate the skill, the complaisance and the insight of English or American businessmen. They would at once accept any currency for payment if the **law** would not prohibit it. The political state is the **effect** of the modern monetary laws, not are the present methods of paying an immediate effect of the political disturbances.

What prevents Free Banking? The present State? No - - a bad, antiquated **law**! (Which 9/10 of the people do not even know.)

(J.Z.: Here, for once, I must give Henry Meulen at least partly right in his discussion with von Beckerath, although I am not sure that he took quite my position on this: Assume that geopolitical borders and organisations were abolished and only volunteer communities with their own personal laws and institutions remained. Make individual secessions constitutional and legal and this would follow automatically. That reform could also be introduced as a significant weapon of a defensive war, liberation war or revolution. Then, in any of the formerly exclusive national territories, most likely, a number of the new currencies of these volunteer communities would come to coexist in trading, between them and within them. From their, initially, perhaps, only own "national" currencies, intended mainly for their volunteer communities, to freely issued and competing private payment communities and their currencies, would be but a simple step. To that extent, "panarchism" - - I do not remember seeing Meulen advocate it anywhere - - would lead to the introduction of monetary freedom. Naturally, the reverse is also true: Monetary freedom would diminish the dependency upon territorial States, their "welfare" and other "services", like those of the central banks of issue, their anti-crises "programs", their "insurance", "protection" and "defence" and would, thus, promote the disappearance of the coercive and monopolistic, centralised and territorial States. It is a bit like the old question: What comes first, the chicken or the egg? - J.Z., 23.1.03.)

I suspect that few Chinese can write at all." - That is true for the present time. Under the emperors - - still in 1912, every coolie could read at least the words on the signs and cases of the shops and write some dozens of characters. Concerning the ability of Chinese children to learn writing, I refer to reports of missionaries and such people, who had opportunity to observe such things themselves. I do think such reports are available at London.

"The really useful old books will be republished in modern dress". - Please, look at Russia. The old books - - useful or not - - were required by the Red Army already in 1917 to be sent to the cigarette factories. Cigarette paper was scarce and the soldiers were impatient to smoke. Now the old history - - until 1917 preserved in public and private archives - - as well as the old literature of Russia are lost and nobody will restore them. Only few old books escaped the inquisition by the Red Army and, later, the GPU, were kept in hidden caches, in the woods, etc. Concerning the reprint of old and useful books, I refer to the reports of English journals.

(J.Z.: Here B. was unduly pessimistic, once again. Although many treasures of writings, last copies of printed books, single copies of manuscripts, were more or less systematically destroyed, due to the multiple printing of copies, the black market, the love of books, or sheet chance, many were preserved, inside and outside of the USSR. Not only the texts approved by the regime. Nevertheless, neither special societies for scarce old print, nor the modern options provided by cheap and powerful media like microfiche, floppy disks and CD-ROMs have as yet been sufficiently utilised, there and in the rest of the world, to put and keep in print, very cheaply, all those texts still preserved and of at least some interest to some people. - If the Internet could do this, easily, fast, cheaply and

soon, than why hasn't it done so as yet? How many books of interest to you, and rather rare, have you scanned-in, proof-read and placed there? - J.Z., 23.1.03.)

"Curiosity"????? - Will the man, who tries in the year 2,000 to understand "Free Banking", do it merely for curiosity?

"... just sit - - and are happy". - In my own mind I feel a great talent to exist in this way. But - - oh - - in this evil world there is a "but" to every kind of happiness.

I visit nearly every day my friends, the family **Bloesz** at (1)Berlin-Charlottenburg, 9 Neidenburger Allee 16, which lies in the British Sector and where the printer of "The Individualist" sends the paper. I will be glad to receive through this address the printed matter which you are kind enough to send to me.

Very faithfully Yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

29. VI. 1949. My letter of yesterday.

Dear Mr. Meulen,

the railway-strike was finished yesterday. But the railway does not yet work. Many strikers had yesterday begun their service at the offices and the workshops. Some hours later, they were sent home and ordered to be registered today. We do hope that tomorrow the first trains will operate again.

The news that the strike was finished was communicated when I was in the Eastern sector. I bought an Eastern paper and read: The Western union of railway men ceded. Western railway men are now content with president Kreikemeyer's first offer: The railway pays 60% of the wages in West-mark and 40 % in East-mark. (All workers and employees dwelling in the West and working in the East do get their wages in this proportion.) Western commanders prohibited the continuance unemployment benefits for strikers. (Which the Western Magistrate had granted until now, not quite legally.) Then I took the subway and came to the West, where I bought a Western paper, about 15 minutes later. There I read: Complete victory of the strikers! Railway men get 100 % of the wages in West-mark. The step of the Western Commanders was not reported.) The puzzle's solution: The Western Magistrate promised to exchange the 40 % into West-mark at the ratio of 1 : 1. If I must say whether the strike was lost or won, I could not. I know that many strikers fear to be arrested if they return to their work in the Eastern sector.

"The Individualist", June-issue, "Spelling reform". - You say:
" ... even today I have to keep a dictionary at my elbow because the sound of a word offers no clue to the spelling". I beg to remark: I am in a similar situation, but I am inclined to ascribe it to another cause.

When I worked in Life Insurance Offices, it was my job, among others, to examine the medical tests of the society's physicians. At least 10, 000 medical reports passed through my hands. Then I observed, frequently, that physicians, aged more than 60 or so, had ceased to be good spellers. I talked about it with colleagues and other experts and they confirmed my observation. They added, that it was an old experience. Others told me that the relaxing of memory after the age of about 60 is observed also among interpreters, engineers and all people whose memory is always stressed. In my own case, it is my impression, that my declining ability in spelling is due to my increasing age - - the only matter in which I am certain of continuing progress.

Physics teaches that any influence - - ever exercised on any material system - - star system or a book or a tool or any material thing in the world, never completely disappears. The Norman Conquest has been such an influence - - on the country's economic structure, it's thought and it's language. No spelling reform will ever "obscure England's history" and let us forget that in England two quite different languages were melted into one language. Perhaps the present state of orthography offers the way of least resistance to the communication of thoughts, in writing, in the English language. (I would not dare to utter such an opinion, if not better scholars than I - - Englishmen - - would have expressed this view.) Here I often meet, in street cars and the subway, English soldiers and Americans. Most of them talk slang, the Americans - - that is my impression - - more than the English. Will not the difficulties of spelling be increased, for those in the habit of talking slang, if they can no more use the old orthography and much more for those, who must read letters etc. written by a man who is in the habit of expressing himself in slang?

A little joke from German spelling.

A child did not appear in class. The next day the boy did come and presented the teacher with a letter written by his mother. The text was:

"benedicte tem bum."

The teacher (probably thinking that his knowledge of Latin was insufficient. - J.Z.) visited the mother - - the widow of a labourer - - and begged her to explain the letter. Hee, hee - - the mother laughed - - such are the school-foxes of today - - **my** teacher could read every letter! Then she was kind enough to read the letter. It meant:

"Benötigte den Buben." (I needed the boy.)

Food production. You say: " ... it seems important to point out that population is at present increasing faster than food production." - Here we do **not** agree. As long as in the USA, Argentine and other countries wheat and coffee are **burnt** (in the locomotives and in other ways), the production of wheat and coffee went on faster than the increasing demand of the people. In Norway, some months ago, cargoes of herring had to be used as manure, because demand was lacking. It is true: The present vicious system of payment, which prevented the starving Europe from buying the herrings was an essential factor. But as long as such events are reported (and they are **frequently** reported - - also now - - in the years after 1945) the conjecture is permitted, that production and want are equal or might easily be equalled, although offer and demand are not equal, and without Free Banking hardly ever will be equal. Please, do read agrarian papers. You will always read the opinion of the experts - - quite corresponding to their daily experience - - that the difficulty for the peasant is to **sell** his harvest, not to satisfy the demand. The latter point is of very great importance. It was already important at the time of Malthus, who never investigated it.

Let me indicate here some items not important for the Malthusian **principle** but of practical importance.

The influence of the birth rate to the want of a people is not an immediate one. The influence is not felt before some years are passed. Let me give an example. In Germany in 1935 were born and lived after birth 652, 340 boys. (I set aside here the statistic concerning girls.) The number of male dead was 398, 224. The first Impression may be: An increase of $652, 340 - 398, 224 = 254, 116$ new male **eaters**. But babies don't eat much. I do probably eat now 10 times more than in the first year of my life, although I am not voracious. On the other side, the largest part of the dead were adults. These dead ate at least as much as 2 millions of sucklings would have eaten. Apparently, a great easing of the "burden" to supply enough food. **But**: the living children of Germany wanted every day more food than the day before. And this increase of want probably outweighed the influence of the reduction of food requirements by death. The generalisation is self-evident.

Rittershausen worked for some time at a public bank which granted amelioration credits to peasants. There he learnt: The best kind to raise the agricultural output is to improve land already fertile and under the plough. There seems to be, in practice, at the present conditions of Germany's agriculture, no limit to the increase in production, although in theory - - of course - - it does exist. Some time later, I found this fact confirmed in a book of an old expert, **Tausser**, "On Ameliorations". To make arable any land not yet under plough gives much poorer results.

Very faithfully Yours - signed: U. v. Beckerath.

U. v. Beckerath,

2. 7. 1949.

Dear Mr. Meulen,

I received the following printed matters:

- 1.) "The Economist", June 18, 1949,
- 2.) "The New Commonwealth", June 1949,
- 3.) "The New Generation", (fresh water on my mill).
- 4.) "City Press", (page. 4 - - hm.), June 17, 1949,
- 5.) "analysis", February 1949.

Let me answer in "stages".

The papers are very interesting. I am very much obliged to you.

Today only one item: "The Individualist" and "City Press" about the costs for school children.

Quite rightly, you say in your letter of 25.6.1949: "Germany looked on book education as other nations look on religion." Really, they did. And from the standpoint of an adversary of book education things grew still worse after 1945. When I was a boy, we were not (the boys) fanatics of book education. Very few (to whom I did not belong) went voluntarily to school. We were very glad if at days like the emperor's birthday (27.I.) there was a holiday. But now? Children **like** going to school!!! I would not have believed it, if I would not have talked about it, with pupils and teachers. Children are now real fanatics of learning. (Hah! Concerning my 3 sons, and 4 grandchildren! - J.Z., 23.1.03.) Some days ago, a young teacher asked me: Haven't you got a good book on Greek history? There is a boy among my pupils who read some stories of old Greece and now he wants to know all about the old Greeks.

Everyday he presses me, and we have no books - - all burnt!

(In my high school the school library was preserved. However, it was so mall, dark and dingy and it offered so few choices and these not of interest to me at all, that I, a book worm from 5 years onwards, never used it at all, except to get the currently required textbook. - J.Z., 23.1.03.)

Well, I could supply him with a book and some translations from Thukydidies and Plato.

The change of mind in German children must have taken place after 1945. At the Nazi-time there was not much instruction at all. Pupils went to parades, got related stories from the nationalist movement and on the Jews, which they believed, and all that pleased them well. And now this alteration.

(J.Z.: I do believe that B. exaggerated here and generalised wrongly. I learned the usual basics, in the most boring and slow way, from 1939 to 1945, in various schools, heard no antisemitic propaganda there and remember only one textbook, which glorified the old Germanic tribes and their victories. Outside of school they tried to influence the 10 - 14 year olds, in the compulsory Nazi's movement for them, called Pimpfe - and there the stress was on practical exercises, playing cowboys or Indians fighting each other, which pleased most boys, also singing some Nazi songs, which did not appeal to me, either, gave us a basic uniform and, with the mentioned exercises, some very limited, para-military but unarmed training. That was much intensified in the Hitler Jugend for those 15 years and older. Some of them were turned into fanatic fighters for the regime. That I did not experience because I wasn't even quite 12 when the war in Germany ended. As for the Pimpfe, I did not get the whole course, either, since I complained to my mother, finding their activities rather boring and she got me off, i.e., an exemption from this conscription for as young people, via a medical certificate from a friend. So you could say that my experience with them was rather limited. But I was forced to attend school classes, as long as they were held and one could get to them. Until about 1943 there was also much stress on school sports. - Others may have had other experiences. I do not know. - J.Z., 23.1.03.

If that continues, then the destroyed schools will soon be rebuilt and it would not be impossible that per capita for instruction more will be spent than before the war.

The pupils of a school in the Russian zone, whose teacher I know, made themselves mathematical models, whose copies they had seen an old school book and now eagerly learn geometry. It is true, the teacher is good and knows how to apply geometry to the affairs of peasants.

In the year 1911 Prussia had. 6,6 millions of pupils in the "Volksschulen" (primary schools. - J.Z.) and spent for them 421 millions of gold-marks, that is, per pupil, 66 gold-marks. But other countries spent more. In 1930 the USA spent for public school education 2, 307 millions of Dollars. They had, in this year, in the public schools - - all agree - - 25, 716, 201 pupils. That's 90 Dollars per pupil. But from the very summary statistics in the "World Almanac", year 1934, from which I take the numbers, I cannot see whether the expenses for other schools than primary schools are included.

I did not learn Latin and Greek and attended no university. That may be the reason that I emphasise classical education, **much** book education and that I possessed about 100 Roman and Greek books in translations before all was burnt. He, who **misses** book education and Latin + Greek can judge what he wants.

In Germany the last **witch** was burnt in 1749 (That means: her corpse was burnt, the poor witch - - a nun - - was killed before.).

That execution was already judged as a very bad affair in the whole of Germany. And now executions of witches are impossible, although there was a certain danger - - not only in Germany - - that by spiritism firstly the belief in

witchcraft and, consequently, a new legislation against it would be revived. And why are witch-trials now impossible? Merely by the **book education** of the people.

Very faithfully Yours - signed: U. v. Beckerath.

Do you think that Free Banking will be introduced without book education, or held up by it? Not I!
Bth.

U. v. Beckerath, ... 14.7.1949. Your letter of July 12., received today.

Dear Mr, Meulen,

today only a short acknowledgement of receipt.

Schopenhauer says: Ingenious men think **slowly** because they think **thoroughly**.

Montaigne. If he would be known in Russia, he would have an effect like a grenade which happens to be undetected in scrap-iron for a high furnace. The explosion would be destructive. Now, when I begin to know Montaigne, I am inclined to ascribe to him a part of French Culture.

Interest. It In an astonishing statistical law that if any things, that can be treated in a statistical manner, are grouped according to any characteristic, there are always found great differences, supposed the things are naturally grown and are not things like coins ore stamps. If statistics considers birds or the interest rates of the market, mortality rates or sunspots, heights or weights of men (of the same age) or the number of lost letters at the Post, always the greatest individual (figure - J.Z.) is surprisingly greater than the smallest. If interest rates would be permitted to develop quite freely, there would be interest rates of 2 % p.a. and of 20 % or more at the free choice of whom people who are able to detect the element: "Share of the creditor in the fertility of capital used in this special case", in the offered rates and who are not, at first sight, afraid by a rate such as "20 % p.a.". He, who is not able - - as more than 90 % of people are - - must be content with first mortgages, producing 2 1/2 % p.a., public loans and similar "securities", all without gold clause and submitted to the risk of devaluation. That risk would justify a very high interest rate, but average people hate thinking or talking about the possible depreciation of the value of money. (They pay for that.)

The presently existing banks are obviously not the right organisations to collect capital for long-dated loans. Absolute free competition will create new banks which are able to do so. I think firstly of Scratchhley's organisation for private enterprises.

(J.Z.: Somewhere, I have recorded, and probably microfiched, a similar credit cooperative custom still practised among Chinese merchants, according to my informant, who wasn't much interested in such matters. Between a friendship group of them, they do make, periodically, a considerable capital available. Then they assemble and, so to speak, auction it off to the highest bidder at that time and place, with repayments to be in regular instalments, even ones, I believe, over a period of time. I suppose each gets a share in the repayments in accordance with his capital input. Possibly there were equal input and repayment requirements. I never got all the details, but those I got, I noted down and would like to obtain confirmation from others. I suppose, for tax reasons, such agreements, often only verbal ones, are mostly kept secret. I also assume that the average interest rate returns for these investors were rather high - but that they were not perceived as an unbearable burden for those bidding for such loans. They expected to make more than they paid and, probably, usually, they did. In spite of the underground practice of this system, I believe that the nature of it, via a comprehensive abstract, without giving any names, should be brought to light. It could help others as well to help themselves. The contributions of Chinese people in the monetary, value standard, clearing and credit spheres seem to have been numerous and great and, perhaps, are not yet fully brought to light and appreciated. They, too, never enjoyed complete freedom in this sphere, either, but did the best they could under the circumstances. - J.Z., 23.1.03.)

Rückstrom. (If I were a nationalist I would boast - - **our** German language is endowed with "ü" and "Ü", and **our** typewriters are too, as Chinese, Turkish or Hungarian speaking and writing is, but **not** English.) Certainly, due repayment of loans is one of the fundamentals of sound banking, **but** "Rückstrom" (reflux - J.Z.) means repayment by the same means of payment by which the debtor got the amount of his debt - - in notes of the issuing note bank, in the case of a loan from a note-issuing bank, in mortgage bonds in the case of a loan from a mortgage bank.

Consequently "Rückstrom" means much more than due and punctual repayment in general.

In the "Four Bills" a legislation to secure the Rückstrom" is provided. But I agree: It would be better to replace these regulations by the natural consequences of neglecting the principles of Rückstrom. Compromise: Let the legislation be restricted to 3 years or so.

Supervision committees should be **admitted** and become more and more superfluous in the same measure as care and knowledge of banking firms, private persons, cooperatives and perhaps others, does grow. I consider them as an evil that, in many cases, is not to be avoided. (In the present state of enlightenment or lack of it. - J.Z., 23.1.03.) You are quite right, such committees tend to prevent experiments.

Freiburg Banknotes. If the notes of which we talked, are accepted only by a small number of persons at Freiburg, then it may be necessary, to establish the business on a larger scale and unite several firms into one commercial unit: "Union of note-issuing firms of Freiburg". But in general it will be sufficient (at least in the beginning! - J.Z., 23.1.03.) if the factory's own employees accept the notes and some store - - say, the employees' consumer cooperative shop, accepts them. Then the shop lends the notes to the factory, a day before pay-day and pays its own supplies with bills of exchange whose debtor is the factory. That's an extreme case, but will certainly occur if the system is introduced. (Example: Mines of today in South-America.)

Gold coins. If they are permitted to circulate they will soon become the measure of value, quite as before 1914. Then it is not their value which changes (to any very significant extent! - J.Z.) but the value of paper-money changes (**if** there is a change in value) expressed in gold.

Free gold-market. From the Almanac of the "Word", year 1934, page 148, I take these lines:

"On Aug. 29 the President issued an Executive Order authorizing the Secretary of the Treasury to receive on consignment for sale and at a price 'equal to the best price obtainable in the free gold markets of the world' gold recovered from natural deposits in the United States or at any place subject to the jurisdiction thereof." Here the word "gold market" obviously is used in the sense of "bullion market", whereby it may be seen, that the American use of the words "free gold market" is different from the use of these words by Kitson and other writers. (Underlining mine.)

Malthus. Zander talked with the Chinese student **Yü** about football places in China. He told him what many held: There was not room enough for football fields, China being so overpopulated, so that every inch of land was used. **Yü** was somewhat astonished and answered: China is empty. There is still much room, not only for football playing. (Yü was the 18th son of a banker at Canton.)

That coincides with the reports I read: There, where land is cultivated, every square yard is worked to the utmost advantage. But that does not apply to the many square yards not cultivated at all.

There is the possibility in China to **irrigate** millions of square miles. But under the present conditions there is no capital available for irrigation. For the creditor the capital would, very probably, be lost. Further, as I heard from reliable experts, in many cases it would be possible (and would easily be possible) to double the yield by irrigation. That corresponds to the experiences in Germany and - - I think - - in England, too. A doubling of yield would enable the debtor to pay 50% p.a. (provided the price level for his produce remains the same! - J.Z., 23.1.03.) and nevertheless win for himself 50 %, and so repay the loan in 2 or 3 years. But even at that interest rate no capital is offered. Gold clauses are prohibited and you know what Chinese paper money is worth, and how fast it is deteriorated.

The burning of coffee and still more of **wheat** has been **frequent** in the USA and more so in Argentine after 1945. In Holland great quantities of vegetables were used as manure in 1947 and in 1948. The JEIA prohibited a payment in German Marks and said: "**We** have no Dollars!" (or Gulden - - pronounced at Amsterdam - - "**Gülden**".) "Pay in Gülden - - please!" (But in Germany they say: Gulden.) (And, in Germany, they had either no or not sufficient Dollars or Gulden to fulfil this requirement. - J.Z., 23.1.03.)

Education. In Germany most libraries are burnt.

Mathus and herrings. The Norwegian fishermen would have been glad to sell the herrings for German marks. (Better a sparrow in hand than a pigeon on the roof - - they said.) But the JEIA did not permit another payment than in Norwegian Kronor and such Kronor the Germans did not have. I was tempted to ask the JEIA whether imports from the Eskimos must be paid with **Ice**. (Or with seal-skins or skins of polar bears! - J.Z., 23.1.03.) But there exists a paragraph by which making fun of allied authorities is prohibited.

(J.Z.: Experts! Like generals, who want to fight wars with the means of previous wars, so economic "experts" judge present conditions by the previous ones. That the German Mark was twice quite seriously depreciated [1914-1923 & 1933 - 1948) and that even the new DM, most likely, although then still under-supplied, causing deflationary phenomena, would sooner or later also be depreciated, that they knew. But they seemed unable to judge the then present condition of the DM and, as a precaution, simply outlawed it as an optional means of payment, when it would have been very useful. In monetary and financial matters NO ONE is such an expert that he ought to be obeyed, upon his demand, as if his theories were the only possible or truthful ones! - J.Z., 23.1.03.)

I hope to continue Sunday.

Very faithfully Yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

15.7.1949.

Dear Mr. Meulen,

I beg to write some words about two articles in the April issue of the "New Generation".

1.) "Saying Good-bye to Meat".

As Malthusians always do, the author does not distinguish economic causes from biological ones. I do admit that at a certain point of human population animals like cattle become more and more rare. Where an ox grazes, there could be produced grain or rice for 9 men, as I read in an old statistic. I think it probable that for this reason in some parts of China there are no cattle to be found. In these parts it is more profitable to grow rice than to produce animal foodstuff from the soil. There exists an old law in China, also, by which it is prohibited to slaughter cows, obviously suggested by Buddhism. I read that in some parts of China this law is still observed and from time to time inculcated upon the population. Where such a law exists and is observed, the peasants will prefer rice production to cattle-breeding. Also - - I read - - the demand for beef and even for milk and cheese is small in great parts of China. People look upon Europeans who eat roast beef, cheese and drink milk, as Europeans look on Chinese who eat baked flies, edible nests of swallows and eggs which were dug under for some months. I think it possible that cattle by and by will disappear from China.

It is another thing with pigs. Swine live in China from waste, as frequently in Europe. In the midst of the most dense population, it is economically possible to keep pigs. But it may be that pork is no important or no regularly eaten food in China. (As living and edible garbage disposal units ducks are probably preferred. - J.Z., 24.1.03.)

Let me remark that I lived for some years as a vegetarian and if I would have the option, I would at once live so again. Eating meat seems to me barbarous. **Plutarch**, certainly one of the wisest men who ever lived, condemned meat eating in very sharp words. He did not write quite in vain. Still at the time of emperor Julian there were many vegetarians in Greece, as I saw in one of Julian's writings. That is all the more remarkable as meat was at that time very cheap. This may be seen from the celebrated price control law of emperor Diocletian. (From this edict one can further see that the purchasing power of gold at this time was not **very** different from its purchasing power today.)

So I do admit that if the population of the earth surpasses a certain limit, I guess 4, 000 millions or so, cattle breeding will have no more economical importance. (At over 6,000 millions there is still an abundance of cattle

now. May be there will also be at 12, 000 million or even 24,000 millions. The future is always hard to impossible to predict precisely because so far unknown discoveries and inventions might be used - and much higher degrees of freedom. - J.Z., 24.1.03.) Indians may then still breed cattle because they want holy cow tails. That will be all.

At the moment the economic situation is quite different. In all countries which produced cattle before the war and where now the number of cows etc. is very much reduced, it is not because the population suddenly grew so much, that cattle had no room beside the population, it is merely because the **demand** for meat, butter, etc. diminished. Not the **want**, but the demand, because the means of payment are lacking. Meat supply for the next decades is a matter of paying for the meat and insofar a matter of **Free Banking**.

France tries to economically develop her vast territories in Africa. These territories could supply Europe with so much meat, that the highest standard of any pre-war year would be far surpassed. But what is missing are the **buyers** of meat, and that is one of the reasons why these territories remain undeveloped. Englishmen are now prohibited from paying for meat with Pounds. Let the crazy law be repealed and England will have, from all parts of the meat producing world, as much meat as the English are able to eat.

When I was int New York, 40 years ago, there hung from all walls immense posters inviting the people to: "Eat more meat!" I am convinced that they are still there and prove, as they proved 40 years ago, that not meat was wanted but eaters of meat.

In the "Economist" of April 2, 1949, page 611, I read an article: "First in the Wheat Field." From that article one must get the impression that wheat producers are looking for buyers as eagerly as ever in the history of wheat production.

2.) At page 29 of the "New Generation" the question of overpopulation is discussed - as a cause of wars in antiquity. Among others, it quoted a passage from Plutarch who says:

"Three hundred thousand well-armed warriors were on the march, and the women and children, whom they had along with them, were said to be much more numerous. This vast multitude wanted lands on which they might subsist, and cities wherein to settle; as they had heard, the Celts, before them, had expelled the Tuscans and occupied themselves of the best part of Italy.

That relates to the Cimbri, and Teutones.

We know from ancient writers that the economic (rather the anti-economic! - J.Z., 24.1.03) system of Germany and of the whole of Northern Europe was, in antiquity, the Feudal System. The territory belongs to a few princes. The state of agriculture is very low, as may be seen from Tacitus. Iron is so scarce, that even the point of the lances was often made of wood. Where iron was used, it was of bad quality and the iron points of the darts etc. were small. Iron ploughs were not used. The manners of the time and the people required that a great part of the landlord's food was venison. Also work on the fields was considered as dishonouring and was reserved to slaves. When Tacitus speaks of the "Germani", he always means the nobility. He mentions that every German had some families of slaves as property. (He adds that the slaves were, generally, well treated and that only when a German became angry would he, perhaps, murder a slave.) Under such social conditions an overpopulation may arise in the same territory where, some centuries later, a tenfold population lives easily. If the Germani would have been Asiatics, the numerous population would not have been a problem. The princes would have used the population for their luxuries, would have let the people build palaces, temples and even roads. The mines would have received the rest of the population. I am convinced that many penal laws were expressly issued to gain miners, as it related from other countries and times and in our times from Eastern Europe. There every remark on the government, not quite in accordance with the prescribed respect, is punished by sending the offender to the mines. You will have read it in English papers.

The princes of the Germani had no palaces, temples were not in use, roads unknown, luxury was despised. What else would the princes do with their numerous subjects than to lead them to battlefields abroad?

(J.Z.: One theory on the cause of their wanderings, that I remember having read about, a long time ago, was that in the areas near to the North Sea, where they had previously been settled, there had been flooding, possibly from subsidence of the land. Thus they were forced to look for other places to settle in. True or false? I don't know. Anyhow, conquest & subjugation or extermination was considered an honourable occupation for a long time, much more honourable than tilling the land. Others in that area had built dikes to save themselves. - J.Z., 24.1.03.)

The editor of the "New Generation" does not attempt to take social and economic factors into consideration. If Plutarch did not, he is excused. Moderns are not excused.

Tacitus relates that the German drunk much beer produced from barley. If barley would have been really scarce, then the princes would have prohibited the "corrupting" (Tacitus uses the expression!) of barley into beer. Venison was, very probably, scarcer to the extent that the population grew. I will believe that **this** led the princes to the falso conclusion of overpopulation.

16.7.1949.

From works on German history or an encyclopaedia, the author of this article in the "New Generation" could have learnt that the Cimbri were a tribe settled in Denmark and were expelled by a high tide caused by a storm, not by overpopulation. Only a part of the people emigrated. At the time of emperor Augustus, the Cimbri of Denmark sent an embassy to Rome; they excused the attack of their ancestors. The number of people that emigrated from Denmark cannot have been very large. Even today that part of the country, where the Cimbri were settled, could not furnish 300,000 warriors, not even the tenth part.

On page 28 a passage from **Froude's** "History of England" is quoted. F. was s strong believer in Malthusianism, as were all scientific men of his time, with **very** few exceptions. F. saw in all events and conditions of the people a confirmation of Malthusianism, so as pious Christians today see in the Old Testament on every page predictions concerning Christ. Of all what is known from the time of Henry VIII. the contrary of that what Froude tells must have been true. The **mentality** of the people was as anti-Malthusian as it could be. The government, too - - of course - - was glad to win tax-payers and warriors by a high natality; no less were the great landlords, whose power consisted in the first place in the number of subjects. Froude quotes no documents but obviously reproduces merely his own opinion.

Bertrand Russell (I don't like him; he is too superficial.) says (page 29):

"... a high birthrate is a cause and incentive of war".

Why does B. R. not give examples? With more reason one may pretend that a **low** birthrate is an incentive for war, insofar as it weakens the country and tempts the neighbours, whose birth rate is higher, to conquer the country. Hitler never would have thought to invade France if the French, by their Malthusianism, would not have been a people of second rank concerning military force. If Hitler would not have been so crazy as to attack Russia, strong **only** by her anti-Malthusianism, France would still be occupied by the Hitlerian army. That should never be forgotten.

Western civilisation is lost if Europe does not follow Russia, whose army increases every year by about a million of trained soldiers.

Malthus proves - - and here he is in the right - - that it is **possible** to double a population in 15 years. Some experiences in old times and in our time make clear that such an increase is merely a question of subsistence. (Here, also, Malthus is in right, although he is not in the right when he asserts that a large supply of food **must** increase population. Italy's population after the gratis distribution of victuals!)

Well - - Free Banking, Free Trade, abolition of those laws which you oppose in every edition of your "The Individualist", do supply that subsistence and supply it with ease. In 15 years the present danger by Russian anti-Malthusianism may be removed.

Your fault is to underestimate the economic, the historical and political weight of your own doctrines, found to a great part by your own meditations.

What you say in your letter of June 12. of Germany and England, also of Japan, Argentine etc. is right. Also South Africa will one day find farming more profitable than manufacturing things, that may be manufactured in England for half the price. New farming means new credits. New Credits are inevitably scarce in countries where gold clauses are prohibited and notes are a forced currency.

Perhaps "gold clause standard" would be a suitable name for a monetary standard, where debtors are permitted to pay in gold coins or in local currency (but not obliged to pay in gold coins! - J.Z., 24.1.03.), where the issuer of notes or certificates is not obliged to redeem the notes or certificates at their face in gold, but is permitted to do so, and where everybody who offers anything for sale is permitted to price the thing in gold coins and is content to receive in local currency what gold coins are worth at the bullion market.

A still higher standard would be the permission for debtors to pay by "bons d'achat" (Milhaud's expression), where the natural difference in value between a "bon d'achat" and a gold coin is taken into due consideration. At such a standard the people is quite independent of the supply with gold coins as well as with local currency.

Malthus again. I forgot to remark, that at the time of Henry VIII girls of 12 years and boys of 14 years could marry. That is like the old Roman common law concerning marriage ages, which still prevailed in England when she founded her American colonies. The old English law is still valid in Colorado, Florida, Louisiana, Missouri, Rhode Island and South Dakota. In New Haven the limits are: 14 years for men and 13 years for women. (I omit other interesting American marriage age laws.) I take these facts from the "World" 's Almanac for 1934, page 243. If it were true, what Froude relates, then the king would have fixed other age limits. The here stated ages relate to marriages with the consent of the parents or the courts. (I read somewhere that this kind of law, but not this custom, permitting girls as young as 12 years to marry, prevailed in England until shortly before WW I. I presume that permission by their guardians was also required. - J.Z., 24.1.03.)

I read some pages in "Bernanos", "La France contre les robots". These few pages were among the best I ever read. (Alas, he did not indicate publishing contents details. Can anyone supply them? - J.Z., 24.1.03.)

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Henry Dunant not only created the first "Red Cross", by which so many millions of men were saved, he wrote also: "L'empire romain reconstitué", where he anticipated the modern European Union Movement. The book should be reprinted, very probably it will not be, and so contribute to your theory on reprint of valuable books in your letter of 25. June 1949, page 1, line 13, from the bottom. (J.Z.: I remained also passive regarding the reproduction option via microfiche, from ca. 1947 to 1977, because I assumed that others, given that technology, would come to utilise it sufficiently. Don't hold your breath regarding such opportunities. Make use of them yourself. Right now, not only of microfiche but also of floppy disks and CD-ROMs and, especially, for libertarian books! - Can anyone supply me with Dunant's title? - J.Z., 23.1.03.)

Your letter of 9. June 1949: Morand a trustworthy writer? I get from "L'Art de Mourir" the impression, that Morand is a sincere writer and seeks truth quite impartially. I beg to copy the whole text from which I quoted the lines about the 300 Japanese.

"... Le suicide devient un sujet d'actualité; le Surréalistes ouvrent une enquête intitulée: 'Le suicide est-il une solution?' au grand scandale des gens mûrs. 'Vous êtes des assassins, leur crie Jammes ... votre unique ressource est d'aller vous jeter dans un confessionnal'. Cela n'empêchera pas, plus tard, la 'Revue Surréaliste' et 'Le Disque Vert' de Bruxelles de publier un numéro spécial exaltant cette liberté suprême qui est l'auto-suppression: 'Par le suicide, disent-ils, je me reconquiers, je réintroduis mon dessein dans la tature, je choisis ma pensée, la direction de mes forces, de mes tendances, de ma réalité.' Les revues célèbrent avec lyrisme la mort de trois cents jeunes japonais qui se tuèrent après une conférence où l'impossibilité de toute certitude avait été proclamée. Cette aisance extrême - orientale de passer de vie à trépas, pour la moindre contrariété, est d'ailleurs une des caractéristiques de l'ame japonaise; elle obligea la police nippons à garder militaerement la grande cascade de Chuchenji, où les couples enlacés par leur large ceisture sautaient d'heure en heure dans le vide."

It seems that from "La revue surréaliste" and "La disque vert" some information may be obtained concerning the 300 young Japanese. Morand's book was printed in June 1932.

The problem of suicide lead me to philosophy. At the age of 10 year, I tried at first the thing in practice and ate some husks from the golden rod-tree. In school I had learnt that they were poisonous. Schopenhauer recommends to read David Hume's treatise on suicide and I followed the hint. It's an astonishing book and - - as in most other matters - - Hume is in the right.

Buddha - - for me an authority of much weight - - in general declines suicide, but was no fanatic, neither in this question nor in any other. In the Channovada Sutta is reported, that the monk Channa killed himself (dagger) during a painful sickness. In the Vakkali-Sutta the same is reported about the monk Vakkali. In both cases Buddha assured his adherents that the monks had attained Nirvana, and no further birth would trouble them.

In the Digha-Nikaya, Nr. 1, Dialogue called "Net of theories", Buddha enumerates 7 Brahman sects which teach complete annihilation as the aim of religion, each sect teaching another thing that should be annihilated - a soul, a self, an atman, a will, a consciousness, a spirit, a man as a whole; but - - says Buddha - - that all has nothing to do with my nirvana. Max Mueller wrote a little pamphlet: "The Buddhist Nirvana" and showed that it was not easy to understand nirvana and that in every case it was different from a Zero.

Education Psychologists distinguish two types of men:

- 1.) the "visual" type and
- 2.) the "acoustic" type.

Concerning learning most men and 99 % of children belong to that type which learns only by **hearing**. A university-man told me: The brain of most students is so constructed that they are not able to learn from a book; they must **hear** the lessons. Also many of them like to ask the teacher, if they do not understand at once, will submit their doubts to him and that in society learning is a social process. IN a few exceptions books may replace a university, but these exceptions are very rare.

That all corresponds to my own observations. The children I know do all like to go to school, but do not like to read scientific books. They will talk about the taught matters with the teacher, will laugh from time to time about it and the girls are lucky to weep from time to time hearing the monologues of Johanna in Schiller's "Johanna d'Orleans" ("Die Jungfrau von Orleans" - if I remember the title right. - J.Z.) The better part of them learns it by heart and at home the mother must listen to it until she interrupts the girl saying: "So, my dear, now you hold your little tongue for five minutes, I must check the electricity and the gas bill."

Restriction of teaching to the three R's causes that the children forget after some years even that, as I found with people who learnt that in village schools but learnt no more. It reminds me of a sentence of the great Justus von Liebig, chemist, who said:

"Wer nur seine Chemie versteht, der versteht auch **die** nicht."

You - - and I - - are great exceptions. I belong to the "visual" type.

Malthus again. I forgot to remark that certainly - - and perhaps in every year - - cases occur, where more herrings were caught than can be salted and packet into barrels. I read that from time to time it is observed, that fishes of prey chase a herring swarm into a Norwegian Fjord. Then the herrings are caught by pitchforks, not by nets, and always more than can be exported.

"Economist". It should speak from time to time about Free Banking and its possibilities

- 1.) in providing labour, and, thereby, solving for the next 100 years (at least) all questions seemingly being questions of overpopulation,
 - 2.) in solving all racist problems,
 - 3.) in annihilating soviet-ism by annihilating communist and "governmental" mentality.
-

Very faithfully Yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

17.7.1949.

Dear Mr. Meulen,

the "Tagesspiegel" of today reports, that the USA-government ordered a reduction of the wheat-producing area by 17% for the year 1950. The USA-government expects, probably with sound reasons, that in 1950 there will not be enough **buyers** of wheat. The government does not pretend that the 17% would not be **eaten**. But **want** and **demand** are two very different things, and only Free Banking is able to bring both completely together.

I am somewhat astonished that the USA-War-Department agreed. The situation is, that a third world-war is probable. That admitted, a stock of flour would be necessary.

For our discussion, the order of the USA-government seems important. It proves, that the hunger in a great part of the world is not caused by lack of food, and that the production of food increased more rapidly than the purchasing power of mankind.

(Malthusians never distinguish

- 1.) capacity of the stomachs from

2.) purchasing power of the stomach-owner.

Malthusians pretend: If men cannot **buy** victuals then this proves that victuals are in **short** supply. The "New Generation" lives from that error.)

From a purely theoretical standpoint, one could ask:

Would food production still be sufficient if, by an economic intervention **want** could be transformed into **demand**?

My answer: Why not **try** it? The invention is made: Free Banking!

Spelling reform. Psychologists assert (and I agree) that

1.) a complete approximation to the sound of a spoken word is impossible,

2.) the easiness of reading - - a very important factor - - does much less depend upon the approximation of the symbol to the sound than most people believe.

Upon what factors this easiness depends may be seen in Germany, where for centuries two kinds of letters were used: The latin and the gothic. Everyone, who studied the matter impartially, acknowledges that gothic letters are easier to be read than latin ones. And why? A word written in gothic letters offers more details than a word written in latin letters. Commercial and other reasons may, nevertheless, induce the preference of latin letters.

For people who speak **slang** (about 90% of all) the reform will create additional obstacles for learning as well as for reading.

Why not for a year or so print in a great journal 5 lines daily in the proposed orthography? Let then readers judge what kind of orthography is preferable.

Education. Very probably you know that the old **Ford** sometimes passed the "higher" departments of his factories and asked an official: "In what year was Caesar murdered?" You don't know? Well, who **was** Caesar? You don't know?? Pity, pity!!" and then it might happen, that the official got another job, in many cases a job where he might win, by diligence, more than formerly.

Ford said: In my factories there are many kinds of work which a man cannot perform well if he knows nothing about Caesar and the Roman Empire.

In matters concerning car production and human and other factors in that production, old Ford was not a 100% stager (practical man - J.Z.) but a 99.9% one.

The Individualist should publish the laws or prescriptions (English or foreign) by which England is now prevented from paying her imports in English Pounds. Most people think that paying USA-goods in Dollars and Haiti in - - the Negroes are not so blocked - - they take **any** means of payment, it is quite natural, just like the whole world did before 1914. In the centuries before that year, every merchant would have been **very** pleased to get English Pounds. The expression "Dollar Scarcity" would have been understood, in 1914, in the sense of: "There are some **Americans** who are short of Dollars"

Very faithfully yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

18.7.1949.

Dear Mr. Meulen,

on the 17th of June the professor **Erhard**, member of the bi-zonal government and practically the monetary dictator of the bi-zone, visited Berlin. At the "Deutsches Institut fuer Wirtschaftsforschung" (German Institute for Economic Research) he delivered a speech. He said, inter alia, that the present relation of the West-mark to the Dollar, 1 DM = 0.30 Dollars, was an impediment for German exporters. A lower relation would be desirable. He hoped that a devaluation would be possible. At the **same** day the professor spoke before the, workers of the "Maschinenfabrik Loewe". (Loewe's machine factory) In Moabit, a district of Western Berlin. He summoned the workers to trust in the stability of the West-mark and added what ministers in such speeches use to say.

Some days later I read in a paper which Rittershausen was kind enough to send to me, that at Paris a devaluation of the West-mark to the ratio: 1 West-mark = 25 Cents was agreed upon. Again some days later I read in a Berlin paper an explanation of a speaker of the American Military Government: All rumours about a devaluation are

erroneous. Such a devaluation would not take place before September, when it would be no more be a matter of the Allies but a matter of the new German government.

The essence is: The caucus resolved to devalue the West-mark in the course of September.

In an assembly of the 12-th district of the Social Democratic Party of Berlin I started a little speech and pointed out, that a single man, like professor Erhard, had not the right to lower all wages, pensions etc. in Western Germany and Berlin by 1/6th. The members should not be deceived by the professor Erhard, who obviously expected that Berlin workers would not perceive the identity of devaluation and the diminishing of all wages, rents, pensions etc., in the same ratio as the degree of devaluation.

Icy silence. One man spoke in my flavour, the speaker of the evening, a member of the West-Berlin magistrate, Reichenau, an intelligent man but who had, until now, not studied devaluation questions. Nevertheless, he conceived at once, that my explanations were not unfounded.

I learn from the papers that in England the devaluation of the pound is discussed. I suppose that England's workers do the same as Berlin's and the Bi-zone's workers, that is: They do nothing and do not like to hear anything about a possible depreciation. But it **may** be that such a state will **change**, that they get the same interest for their own affairs as exporters have already gained and that they get the opinion: Devaluation is a robbery, insofar as workers, employees etc. are concerned. The question arises: Is it morally permitted to defend oneself, if the robber is a minister? And if it should be permitted, what should be done?

Very faithfully Yours - signed: U. v. Beckerath.

(It seems that Henry Meulen was never persuaded to favour free choice of value standards, either, far less, naturally, professor Erhard, later Chancellor and supposed to be the creator of the German "economic wonder". E. was still an economic dictator, although not as severe as other "great leaders" were. But he did do his best to uphold monetary despotism in Germany. I do not know whether he was also involved in the continued inflation of the RM from 1945 to the currency reform in 1948, especially through the addition of "occupation marks". Even now, how many people have a clear comprehension of what "devaluation" means and what effect it has upon a country's price level and inflation rate during the subsequent 1-3 years, depending upon the rate which imports play in the economy. Import prices are, naturally, immediately affected by this compulsory depreciation of the exchange rate, with us having to pay more for all imports, while the lower rate temporarily boosts exports, because it make German prices appear cheap. In an article in PEACE PLANS No. 8, I have defended a devaluation of an artificially over-valued currency down to its free market exchange rate, while opposing, at the same time, any devaluation below that rate. Devaluations and revaluations are a part of the absurdities of fixing a currency in terms of another currency and of fixing the exchange rates between currencies by fiat. All these currencies are, naturally managed or, rather mismanaged paper currencies. And now one is ever held personally responsible for such actions. - I have only ever heard once, during the last few decades, of some unionised workers demanding the freedom to have their wages settled in other value standards than the official governmental ones. These were public servants in New York and it seems that their demands and protests were rapidly silenced. - J.Z., 24.1.03.)

U. v. Beckerath, ...

19.7.1949.

Dear Mr, Meulen,

today I received the following printed matters:

- 1.) "The New Generation", June 1949. (Again "water on my mill"!)
- 2.) "National News-Letter", copy of 5th of May 1949,
- 3.) "Truth", issues of 1.7. and 8.7.49,
- 4.) "Economist" of 2. 7. 1949.

Thank you **very** much.

Although much work was waiting for me, especially things concerning the old age pension I applied for, and it would have been (malgré Badcock) a duty towards myself to do that work, I could not resist the **pleasure** to read some pages at once and feel myself excused (not much - - to tell the truth) by Badcock, who on page 36 expressly says: "My pleasure is my only guide" and by the Apostle Paulus, who says, in his letter to the "Romans", chapter 7, verse 17, that fulfilling his duty in daily work was one of his weak sides. ("side"? In Germany they say: "Seine schwachen Seiten". Ah - - Toussaint-Langenscheidt knows it better: Weak **points** - which I posses **too**.)

At first I read the "New Generation". My pleasure was great, to see my adversary fight with as bad arguments. I think that if he would have had better ones then he would have used them.

In the first article: "Why are people poor?" the gallant **Webbs** (Beatrice and Sidney) (I would give much to know the **true** history of their matrimony; to be married to a woman like Beatrice - - I think she is as good as her books - - is winning the first prize in millions of blanks.) are reproached for possessing a **nephew** like Sir Stafford Cripps. (Or will the author praise the couple? I am not quite sure.) The reproach seems to me not quite **just**, although not without foundation.

What Sir Stafford states is partly right: "... impossible to get any more out of the rich and that the only way the poor can ever get more is by working harder." - Impossible to get more out of the rich. There he is right. But **why** is it impossible to get more out of the rich? Are the rates too high or is there still another reason? If he would have read old **Steuart**, he would have learnt that a given quantity of means of payment cannot produce more than a certain quantity of tax-yield, and that to get an optimum of tax-yield, there must be a certain quantity of means of payment in the taxpayer's hands. The latter is not guaranteed if the average quantity per capita is high. It may be - - and as a rule it is so - - that the greatest part of the means of payment is not in the hands of the debtors. (Workers and employees are **creditors**, a fact (? hand-written correction, my reading - J.Z.) which may be easily overlooked.) Means of payments **on hand** can only be provided by **Free Banking**.

On the other hand - - of course - - the rates are too high. Simply by reducing the rates the yield would be very considerably increased.

Sir Stafford should be informed by the "mathematical" economists, whose spiritual grandfather is the great **Jevons**, "Theory of political Economy". 100 years ago **Sir Robert Peel** avoid the State's bankruptcy by **reducing** the tax rates, including the customs rates. England's receipts rose quickly. Everybody in England and many abroad know that. Why does Sir Stafford not know it?

(J.Z.: Firstly, politicians have hardly any time left, or interest, for research reading. Secondly, their research staff and research librarians do also leave much to be desired. They may be mere political appointees or rose to their positions mainly because they share the usual popular prejudices - and lack of serious interest in social reforms. - The world is governed by the ignorant and the prejudiced, often even by the very worst, not only in dictatorships. - J.Z., 24.1.03.)

Sir Stafford admonishes the poor to work **harder**. Every statesman does so, why not Sir Stafford? But under the present system of monopolised means of payment, the quantity of opportunity to work is restricted and depends upon the quantity of means of payment, which State and banks are able or willing to grant to workers and employers, Therefore, "shop rules" and things are unavoidably restricting the quantity of work done by workers. Harder work then means only unemployment.

(J.Z.: For those workers no longer needed to produce those goods and services which can be sold for the monopoly money. The rest are laid off and this they avoid by working according to union rules, sharing the limited number of jobs which monetary despotism can support. - J.Z., 24.1.03.)

If now the poor would work harder and increase the national output by, say, 1/10th then soon about 1/10th of the poor would become unemployed. The poor do not **know** exactly the connections but they have a presentiment of them.

For the poor the difficulty to get employment and, if employed, to keep employment, is practically the same as the difficulty to get **food**. To speak the language of **Bastiat**:

"C'est ce que l'on voit." And for people whose thinking does not surpass ce que l'on voit, overpopulation is proven by observation. But the difficulties of peasants to **sell** food and their readiness to produce so much food that the people are unable to eat it, c'est ce que l'on ne voit pas. The difficulty for government and employers to get employment for the poor and others, and, if employment is created or found, to uphold it, c'est ce que l'on voit. But the true reason of the difficulty, the monopoly for providing the people, the employers, etc. with means of payment, c'est ce que l'on ne voit pas.

"New Generation" says: " In the time of Adam Smith, when there was hardly any machinery, we produced 23 bushels of wheat per acre, while today we only produce 32." NG forgets to say, that by sowing without machines the 12-fold of seed is produced, while by using sowing-machines the 18-fold. NO also forgets to say how by using machines the output **per labour hour** is increased.

NG says: "Machinery cannot be used in Chinese and Japanese agriculture; the cultivation is too intensive." NG does **not** say:

1.) that the ploughs of poor peasants (and most are extremely poor) are of very bad quality. In most cases the peasant himself and his wife draw the plough, the wife with one child on her back. Will NG pretend, that such a kind of ploughing could not be improved?

In Germany and - - very probably in England, too - - excellent experiences were had with plants for artificial watering. (Beregnungsanlagen.) They are hired for some hours a day and in dry spells do sometimes save the crop. In China and Japan such plants do not exist. At intervals of about 10 or 11 years the crop dries up and the peasant starves. In many parts of China irrigation is **now** impossible, because the wars (for decades) destroyed the pipes. In other parts land cultivated for 30 or 50 years is not irrigated because the money for the work cannot be raised. The taxes require all that the peasants earn. In the Philippines one expects the crops to be doubled (pro acre) by irrigation. (Die Wirtschaft Süd-Ost-Asiens", by Prof. Wagemann, 1942.) In China it will be the same.

2.) transportation facilities are, in the whole Far East so bad that it costs more to bring rice etc. 100 miles from the peasant to the town, where it is eaten, than from Rangoon or Shanghai to London. Field-railways, cranes and better tools (hammers, shovels, etc.) would very much increase China's and other countries' output.) From the output, won on the peasant's soil, must be deducted the cost of transportation to the consumer. In a description of China, I read that the peasants calculate thus: From my field to the distance off 10 miles, that and that portion of the wagon's load is eaten by the draft animals and the driver, at a distance of 20 miles so and so much, and at a certain distance all is eaten up. If a district, where there is famine, is situated more than that distance from districts still supplied, it is, nevertheless, impossible to help that famine district. The victuals sent would be eaten up before they reached the famine districts.

About Canada NG says: (or quotes) "It will accommodate no more than 250 000 additional people in rural occupations except with a lowering of the living standard."

The present tendency to restrain wheat producing areas will not forever prevail. Without risk one can predict that in 1960 at least a million more people than now will be occupied in rural occupations, and get higher income than the rurally occupied get now.

(J.Z.: Actually, the percentage of people engaged in agriculture gets smaller and smaller and these few, in developed countries and with the help of machinery, have become very productive. But sales of their produce and credit for them remain problematical. - J.Z., 24.1.03.)

What NG says on page 44' about the declining grain production **per acre** in Russia may be true (I am not sure). Agricultural labour in Russia is now slave labour, and, slave labour is always less effective than the labour of free peasants.

On page 42 NG quotes a sentence of Sir Henry Rew's address to the Statistical Society; other people's opinion about England's progress in her agriculture is quite different.

At page 42 NG says: "The one thing that is being increased in quantity is man himself. He is being increased by 2 millions every year." - Already to Malthus the answer was that everything, man eats, is capable of an increase per annum, that is a multiple of that by which man may increase at the best of circumstances. Grain, fish, vegetables or any other victual can be doubled (at least) in a year.

The little article: "Why people are poor" (continuation of the article: "Why are people poor?" on the preceding page.) NG excellently points out the **monetary** difficulties of exchanging food for manufactures. But NG does not understand them. NG thinks merely in the category "difficult" and means every difficulty - - insofar as it concerns **men**, would not exist, if **men** would not exist. Quite right!

NG does not perceive that **Free Trade** would thoroughly change the problem. England would say: Let all kinds of imports come in, but let it be paid in Pounds. Now it is the matter of the importers to select the best commodities for exports so that the imports can be paid. If importers cannot, they must

1.) cease to import (which they certainly will not do),

2.) or create export agencies in the same way as new England herself creates export agencies. The latter may be closed.

The most ingenious **planning** does not create in 100 years what Free Trade creates in 4 weeks.

And why was that impossible at the time of gold currency? Because gold currency can be melted down in the country where it is exported and then it does not come back (or not for a considerable time. See the law of fluctuating gold quantities. - J.Z., 24.1.03.). But paper currency, if exported, comes back - - I use an expression of Zander - - as certain as a carrier-pigeon comes back to its roost. (J.Z.: Unless foreign banks use it as "foreign exchange reserve" for their own currency or foreign black markets prefer to use it rather than the still worse currency of their own government. - J.Z., 24.1.03.)

And why was that impossible after the devaluation of the Pound in 1932 and its replacement by an inconvertible paper money (called misleadingly "Pound")? Because in that year laws were passed for exchange and trade in foreign money.

On page 43 NG criticises book of Mr. Fairfield: "Our Plundered Planet". A valuable book - - as it seems - - but a book - - as it seems - - but a book that has nothing to do with overpopulation. The book treats something quite out of the thoughts of Malthus, that is **corrosion**. (**erosion**? - J.Z.) Fairfield exaggerates the danger - - certainly - - but if the average people or even ministers or professors and such men (I think the same as you) shall become attentive, one must exaggerate. Corrosion (**erosion**? - J.Z.) can easily be prevented. But it must be **done**.

On page 44 NG brings an article: Guy Irving Burch". NG says from G.I.B.: "He studied philosophy and drama and writing. He decided that overpopulation was one of the basic causes and he started writing about it, philosophically and dramatically, at his own expense. Etc."

I say nothing about the dramas of G.I.B. I don't know them and very probably will never see or read them. But B.'s philosophy and study of wars must have been poor.

The "New Generation" says:

"This is Guy Burch's thesis, to which he has devoted most of his life:

There are more than 2, 250, 000 000 people on the Earth. Two of three of these human beings live in want of the barest necessities. (Here B. is in the right.)

And each year some 25, 000, 000 humans perish for want of food, sanitation and medical care. Yet mother earth is forced by men to take on a net load of about 20, 000, 000 newcomers annually.

The numbers must be false. If they were true, then the population of the Earth would diminish by about 5 millions per annum. Or does B. mean: From the number of men dying, 25 millions die for want of food? And the difference between the number of born and the number of dying is 20 millions? He should have stated his opinion clearly.

N.G. continues:

"Can we wonder that the world is filled with war, poverty and despotism, asks Mr. Burch."

Mr. Burch should have stated **one** example from the last 1,000 years, where overpopulation has been the cause of a **war**. I think that if an anti-Malthusian promised him a white raven for every example, the risk would not be great. It would, on the contrary, have been easy to prove, that every war needs an excess of victuals over that what is **necessary**, for a soldier needs daily at least double of what a civilian wants, simply because by cooking under the circumstances of war - at least the double quantity is wasted. The waste in every case is enormous as everybody knows who observed the provisioning of an army. **After** the war the hunger is often great, as in these days may be seen in Burma. The crop of about three years was destroyed by the "Nationals", and the "Government" at Rangoon, or where it found a refuge, destroyed the supplies of the "Nationals" if it could. Now everybody hungers in the same country, where for the past decades the greatest trouble had been to export the incredible excess of the rice-crops. Hunger is regularly a **consequence** of wars, but history records no example where it has been a cause.

(Take the example of the Cimbric and the Teutones. Plutarch and others asserted that they left their birthplaces for lack of food. But, obviously, the warriors were on the day of battle very well nourished. Their strength was very superior to the strength of the Roman soldiers. Only the better quality of the Roman weapons and the Roman tactics saved the legions at Aquae Sextiae, as the historians report with details. Even the women of the barbarians were of great strength and defended themselves, when attacked, with sticks, pots and what they found. No historian reports that the women were weakened by hunger.)

The "Philosophy of people like Burch is: "Economic or monetary causes of hunger etc. do not exist. If anywhere in the world hunger rules, then it is for want of food. Even such a cause as unemployment should not be taken into consideration. If people suffer hunger, when unemployed, it is not by unemployment but by lack of food. Look at

the unemployed's kitchens, you will find them empty. The lack of food is, who doubts? - - **observed**, also in the case of unemployment.

Alexander von Humboldt predicted 150 years ago that the countries near the Amazonas would one day supply a great part of the world with food. With a relative small expenditure of capital, the countries' soil could be transformed into a soil by far surpassing California's in fertility. I read an estimate - - some years ago - - that the Amazonas territory could supply the whole world with food. It would be simple to develop the country. Permit Chinese and Japanese to emigrate to there and, supply these settlers there with so much capital that they are able to make the soil arable. With much less than a milliard of Dollars it could be done. The same could be said of the territory in the West of the Tsad-Sea. The territory of the Congo offers not only a vast soil for producing food but also water power to develop industries.

(J.Z.: As for preserving bio-diversity: Surely, it is not necessary to preserve whole countries in their natural state for that. Set aside natural parks and botanical gardens and zoos as well as private gardens and freedom for private animal lovers to help preserve rare species, could see to that. - Man has not only been a destroyer of species but also the only species that has tried to systematically preserve other species. To entrust that task to the State is also much too risky. It is likely to make mistakes that make e.g. bush-fires much worse and thus destroy more than they preserve. - Where I live, in the Southern Tablelands of NSW, there were dozens of privately set-up nature reserves, set aside by farmers on their own land, long before conservationism became fashionable. But often the authorities made the granting of land titles dependent upon fully clearing the land. So what was a nature-loving farmer to do then? - J.Z., 25.1.03.)

For the next hundred years (at least), the problem is not to **reduce** the number of men but to cure the effect of the Malthusians and to equal Russia and its dependants in manpower. A plan should be elaborated to double in 15 years the population of the Western world. Biologically it would be possible. (As Malthus explained.)

The thing must be financed, the products must be sold, the new generation must be employed. Free Banking and Free Trade, together, will perform it. (A **real** Free Trade supposes Free Banking. A trade bound to a limited amount of means of payment is by no means a Free Trade. Until now Free Trade did not yet exist. That should not be forgotten, but on the contrary: It has **very** seldom been observed. The "experiences" with Free Trade all concerned a "Semi-Free" Trade. (And yet they were already excellent.)

I hope to find the time to write in one of my next letters something about the two numbers of the "**Truth**". They are very interesting, also where "Truth" is very much in the wrong, as in the article: "The Foresight of Disraeli", page 32, issue of July 8, 1949.

National News Letter. A **very** good paper. If Stephen King Hall would read **Free Banking**, he would be perfect - - and - - already being one of Britain's best and most valuable politicians - - very probably become **the** best. What he says about the late events in China is well-weighed. But he should take into consideration the **monetary** conditions of China. Let one suppose, that China gets all reforms proposed during the last 110 years and that the moral character of government officials would be such as Kong Fu Tse demands, but bind China's economic life to a restricted quantity of means of payment ("Exclusive Currency" -- the invention of this expression qualifies W. B. Greene as a great economist), then some decades later China will be exactly what she is today. Neither Chinese nor foreigners see that.

Further, Stephen King Hall does not see that the power of the Soviets is essentially founded on their money monopoly. If today 9/10th of the armed forces would revolt against the Kremlin, so that a victory is quite certain, but the Kremlin keeps the note-printing press, then such a disorder would take place among the rebels that, in a year or so, its supremacy would be restored. Nobody in Russia knows today how to supply the people with means of payment. The Kremlin will remain a deadly danger as long as the Russians are not informed that every community must at once introduce Free Banking, as soon as political and administrative force of the Kremlin is broken.

Very faithfully yours - signed: U. v. Beckerath.

(Naturally, that applies to any of the remaining dictatorships as well and also to the future of the so far only somewhat liberated Russia. - J.Z., 25.1.03.)

Dear Mr. Meulen,

I am slain, morally flat rolled and knocked down! I received today an information of a post-office - - another than that of Friedenau - - that there is a parcel waiting for me, sent from London!!! I went to there and - - to use the Berlin saying: "Ick denk der Affe laust mir!" (I think an ape is lousing me.) (Indication of total surprise. - J.Z.) The postman presents me with:

1.) tea, sufficient for a regiment of soldiers. (That was the first I did when I came home: Boiling a big pot of tea and drinking so much that a physician would have protested. But tea is an old passion of mine. For 50 years I drunk no beer, wine etc. (I am a total abstainer) but **tea**, that's another thing. I hold myself morally justified since I read Okakura Kakuzo's "Book of the Tea".

2.) Sugar!! In England they reduce the number of ounces per person and you send me sugar!!! Do not let Sir Stafford Cripps hear about it!!

3.) Stripping, (lard. - J.Z.)

a.) refined beef stripping,

b.) other stripping.

Such substances as stripping are wanted in Berlin.

4.) Coffee. More than 1/2 of the tin was still filled with roasted coffee and other. The parcel had received a hard blow on the way, so that the coffee tin opened. But the loss was not great, although I think the little postal girl in the parcel department had used the good opportunity to get a cup of coffee or several, better then in the best restaurants at the Kurfuerstendamm (before the war the most elegant street of Berlin and still well supplied with elegant restaurants.)

How shall I thank you?!

My next reading and my eating as well as my drinking will be at your expense !

Wisdom is not to be found only in philosophy and insight into economic-biological connections and not only in anti-Malthusian books.

Truth says:

The Royal Commission on Population

Makes its report,

On which the comment of the nation

Is, in short,

"Give us the houses please,

And the families will increase."

That's a good word. England's and not only England's future depends upon doing in all respects the contrary of what old Malthus (he was an honest bloke, but he did not read Free Banking, therefore - -) advised, but without houses, some millions of newly built houses, the families will not increase. And the new houses will not be built without our financing system.

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I remain with 9 thanks

Yours faithfully - signed: U. v. Beckerath.

21.7.49.

Dear Mr. Meulen,

In one of my last letters I wrote to you that West-Berlin's Magistrate summoned the artisans to apply for credits, but added that the credits would not be granted in cash. The artisan was to send the invoices of his supplier to the credit-institute, which was ready to pay it on account of the artisan; in every case the artisan would not get cash in

hand. (For very good reasons.) Everybody expected that thousands of artisans would apply for credit. But the effect of the Magistrate's invitation was surprising:

<u>Institute</u>	<u>Number of applicants</u>	<u>Sums</u>
Stadtkontor West:	25	34, 658 DM
Sparkasse:	5	3, 230 DM
Berliner Volksbank:	18	91, 597 DM

That was the state of 15-th of June,
The "Tagesspiegel" remarked expressly that artisans would be less reluctant if the credits would be granted in cash. But the Magistrate is quite right. If the Magistrate would grant the credits in cash, then at least half the amounts would be spent for victuals and, very probably also for amusements of every kind. ("The human factor".) The Magistrate knows its countrymen.

Very faithfully Yours - signed: U. v. Beckerath.

(Another important factor was that the artisans were not interested in receiving credits and expanding their business activity as long as the general community was so badly supplied with cash that it could not give them sufficient orders. They would have needed production credits, in most cases, only if their sales had been assured, i.e., the whole community had been sufficiently supplied with cash. This government plan did not achieve that, either! - What is surprising, to me, here, that even U. v. Beckerath ascribed, in this instance, to the payment morale of the debtors what was really due to the effects of central banking or monetary despotism. - Another aspect is that most people are very slow in accepting a method or idea that is new to them, regardless of the fact that it had, in some circles, been successfully applied for centuries. They don't know about that. - Still another factor, one that B. has probably overlooked here, but which was not overlooked by the Magistrate: Tradesmen are often paid in cash and get better deals from their suppliers if they pay in cash. That has also tax advantages, in that taxes may be altogether evaded in this way. If their suppliers' bills are paid by the Magistrate, then they, the tradesmen, would still have to pay the Magistrate taxes, in cash! That they were often be unable or unwilling to do. So they are smarter and better businessmen and human beings than B. did suppose here. - J.Z., 25.1.03.)

U. v. Beckerath, ...

25. 7. 49. Your letter of 23.7.

Dear Mr. Meulen,

certainly you are right when you say:

"When a man has tasted Western culture, and he has liked it, he will defend it against an attempt to impose alien cultures by force, whether he has studied the classic and Christian origins of Western culture or not."

But: Antiquity has been but one of the origins of modern culture and perhaps not the most important. Nevertheless, studying the classics elevates the cultural level and intensifies the cultural forces of those who study them. My own observations confirm this old experience. It may be that my observations were not quite impartial and some envy was mixed into them; I understand neither Latin nor Greek and although I possessed some dozens of translations from classic authors, I must had to do without many very important ones.

To understand, what "Western Culture" means, this culture must be compared with other cultures, and, for such a comparison - - I think - - old Roman and Greek culture is very suitable.

From those, who study old languages etc., in Germany before the war about 5 % of schoolboys, spreads a beneficent influence to the whole nation. I observed that when I resided at Cologne and Duesseldorf. There the influence of the Catholic clergy was at that time very great, all priests and many monks being "classically" educated. Both, priests and monks, try to interest their acquaintances, pupils etc., for Greek and, especially, for Latin. From many discussions at meetings of the different parties, I got the impression that among average people at Cologne there prevailed a higher standard of general judgement than even at Berlin. I got the same impression when I had business in Catholic Vienna, Graz and Innsbruck. The people there are intelligent and my friends in the named towns told me that one of the reasons would, probably, be the influence of the classics, which has been great, for a long time, in Austria. (Many believe that Austrians are a priest-ridden nation. For of the people, that is probably true, but among the middle classes there is to be found not less enlightenment than anywhere else, and also much tolerance.)

The very high state of culture in tsarist Russia, and the pretty low one in modern Russia, is - - that is my opinion - - due, first of all, to the study of the classics in the first and to the confinement to technical things in the latter.

Defend culture? You raise a very important problem. How can culture be **defended** if a power like that of the modern totalitarians or the mediaeval Inquisition tries to suppress it? Plans should be prepared.

Instruction for children in our time. There two things must be distinguished:

- 1.) Children (in our time) like to go to school,
- 2.) There are other things which children like still more.

Because No. 2 exists, therefore school attendance must be compulsory.

(Here I strongly disagree with B., for most cases. Real educators would make real education attractive enough for children. Compare the "monitor system" of Joseph Lancaster. And bureaucrats of the education departments do not love their children and their chances for their future any more than most parents do. To the extent that there are parents who do not give their children enough of a chance, I prefer the old Athenian system, whereby interested outsiders could turn themselves into guardians for children - but only to the extent of protecting their rights. - J.Z., 25.1.03.) L

What concerns parental feeling, I do not doubt that it is no less strong in parents who cut short their children's education than in others. But more than 2/3rd of average people think: It is better for the boy to get practice in a factory or in a shop or in agricultural labour than to be taught from books. They say: Look at neighbour Jack: He gets 2 shillings a day, and our Tom **costs** 2 shillings a day. Jack is able to buy 100 things which our Tom must renounce. Also (people **always** say) Tom is in danger of becoming a "theorist" by too much book learning. Jack is already a practical fellow and becomes every day more "practical".

What boys **loose** by "book education" - "c'est ce que l'on voit". But what they will win, many years later, "c'est ce, l'on ne voit pas."

Christian origin of Western Culture. For a Free-Thinker it is not easy to judge here impartially. 400 years ago, in most Christian countries, the people and its rulers would have been very proud of having burned heretics and witches and were convinced that funeral pyres are an essential element of culture which old Germans and other heathens must miss. In the small bishopric of Bamberg every week some witches were burnt. On the other hand, it is true that the church accustomed the people to consider men or women of the lower classes as much more important than knights, kings, heroes and even popes, if they were canonised. Before Christianity the people had to adore idolised emperors, robbers, etc. Christianity introduced a very different principle of adoration, and a very democratic one, so that a thief, like Saint Crispin, who stole leather for the poor and made shoes for them, was placed above the most victorious king. The fact that, Christian tradition pretended Jesus to have been a modest carpenter, must have had a very revolutionary and good effect on European thinking, and so on culture, too. Many other items are to be considered. I dare not to utter a definite judgement.

Modern education methods. A group of teachers influenced their colleagues so deeply that now children like to go to school. (Not merely a small minority as you assume. My information about Berlin and the Eastern Zone are not insignificant and may - - I think - - be generalised at least to a part of Germany.) The transformation of the teachers' mentality by such a small group is one of the most remarkable events of modern history. It show, what men can perform who take themselves seriously.

It children forget their three R's, 35 - 40 years or so after leaving school, it is by no means a sign that money spent on their education was quite wasted. On the contrary: It seems to me pretty normal. The cases which I met personally, where adults had forgotten their "school bag", are so numerous that I could ascribe them to another cause than to a very general one. The thing is: learnt lessons must be repeated from time to time, and that is, what average people do not do and, in most cases, have no leisure to do. That the average man, after leaving school, is no more interested in acquiring book knowledge is also not unnatural. After a work of 8 hours of more, and on the road from factory or business to his home, the average man is tired. Also, every day other things than book knowledge press on him, which are, **at the moment** more important than book knowledge. Therefore, 90 % of wives at the age of 40 are much more silly than they were at 20, and at 60 their vocabulary is - - as German psychologists estimated - - reduced to about 600 words. I knew physicians who, after their 60th year, began to forget orthography of less frequently used words. As experience shows, every school year added to the usual 7 or eight, fixes knowledge for many more years. If instruction would be continued until the age of 20 or even to 25, men and even women would remain good spellers until 60 and more.

That **you** studied in a way very different from the average people's way, proves nothing. You are a very exceptional man, but school institutions must be organised for **average** children and people. (What you report from your studying State Socialism, Tolstoy, Kropotkin, Tucker, just at the beginning of your 19th year, reminds me much of my own youth, which, concerning the essential side, must have much resembled your own. I beg to write in one of my next letters still something about it.

Tolstoy. Some months ago, I bought his "The Slavery of our Time", a book which 50 years ago made a great impression on me. Now I see, that everywhere Tolstoy spoke of **money** and demands its abolition. He really means the claim of creditors to get cash (coins), even when there may circulate only very little cash. He does confuse that claim with money in general. Therefore, he does not see, that if that claim would be removed, then all objections raised against money would be void.

Malthusianism. Possibly and only in a far future population may press hard on food supplies. Until now it has not done so. At the moment it does not do so and for the next decades the problem is: **How to sell** the victuals? You read that the USA reduced their wheat producing area by 17% from 1949 to 1950. Why? The wheat buyers (these say: **the eaters**, although that is by far not the same) are missing. You may easily calculate how many years of population increase are needed to correspond to the present wheat producing capacity of the USA, supposing that eaters and buyers are the same. (Our financing methods make every **eater a buyer.**)

India. Peasants always say: The size of our farm is too small. They said it in Prussia since the Agrarian Reform of 1807. And what is revealed by statistics? The average size was much greater in Prussia than it was in Wuerttemberg, where for about 2 centuries the situation of the small farms was very good. At the tsarist agrarian reform from 1861 to 1871 the portions received by the peasants were small, as all Russian and many foreign economists asserted. And what is shown by statistics? In the average, the size of a Russian farm (of peasants, formerly serfs) was about seven times greater than in Prussia. When the German soldiers in WW I saw the Russian farms, their impression was: Here the people are well off! So were Prussian peasants in 1914 (and during the whole of the 19th century), a wealthy class, compared with the best-paid workers in the towns. But they were wise enough to always groan and lament.

(And thus gained quite a number of privileges, under protectionist policies. Among my distant relatives was one of the "sugar barons" of Germany, who produced sugar from sugar beet and got government protection from cheap sugar imports from overseas, at the expense of the majority of all Germans, as sugar consumers. The laments of the German consumers were habitually ignored. They were not organised into powerful and rich pressure groups. - J.Z., 25.1.03.)

What concerns India: It is - - even for people who reside there - - very difficult to get a real insight into the conditions of the peasants. I read a little story of **Rudyard Kipling**, obviously not invented in its essential part. (It was some decades ago. I forget the title.) A Board of some province or district deliberates about agrarian conditions and also about the agrarian leases. (It was in one of the provinces, where the State is owner of the land, as it was already at the times of the rajahs.) They can find no solution. While they are deliberating, the little boy of the English district commissioner is playing with a young Indian boy, son of a peasant, whose lease ends in the next weeks. The commissioner has a few words with the boy and hears, that the Indian family is anxious to get the lease renewed. Now he learns that the usual duration of a lease is only 5 years, and that it would be a help for the peasants to extend it to 20 years. The native counsellors did not know that, he himself - - of course - - also did not know it. The commissioner carries the reform.

(Under a lease as short as 5 years, the peasant has no great incentive to improve the land. If he did, then, upon renewal, his rent would be increased, so much so, that his earnings would not be greatly increased. Another aspect lies in customs. If he became relatively prosperous, through additional efforts and expenses, then many relatives would invite themselves - and stay as long as he has still plenty to eat. Customs do not permit him to refuse to thus to share his earnings with them or to put them to work. So, why should he make an extra effort to feed the drones among his relatives? - J.Z., 25.1.03.)

Everyone believed that in **China** no great land-owners existed. And what was to be seen in the last 3 years? Everywhere revolts of the peasants against the great land-owners. The role of the land owners was not noticed by the Europeans because

- 1.) they did not understand Chinese,
- 2.) the land was leased, so that at first sight the peasant might seem to be the proprietor,
- 3.) they were not much interested in things like the economic and juridical conditions of the people.

In India it will be the same. I read reports from voyagers - - quite intelligent men - - who wrote about agrarian conditions in that part of India, where they travelled and reported what they had **seen**. They knew not, that a great part of the land belonged to the State, since that was not to be **seen**, and they knew not, that the greatest part of the Indian peasants has no right to sell the crop to other persons than to the Zemindar, who advanced the peasants' taxes. That was not to be **seen**, and - - it seems - - also many Europeans do not know that after a settlement of many years.

(J.Z.: Just like the agrarian "reform" in recent decades, which forced Australian wheat-farmers to sell their wheat only to the officially established Wheat Board - and to abide by its prices and also its quotas. Temporarily, the wheat-farmers thought, that they had got a good deal in this way. It is much easier to get such a chain around one's neck than to get rid of it again. The old mistakes are always repeated, over and over again, if the government gets involved. And all too often the victims, or the majority of them - - mostly victims of government controlled miseducation - - grant their sanction to their own victimisation and blame the results upon anything but it. We have also a Wool Board, a Meat Board, an Egg Board, a Milk Board, a Citrus Fruit Board, etc., etc., at least until a few years ago. I did not follow their antics any longer. One can stand only so much disgust. Naturally, we still have the central bank, in Australia called the Reserve Bank. - At once stage the chairman of the Egg Board was a libertarian, who intentionally enforced the severe penalties in his power against the "illegals". I do not know whether this, his supposedly "libertarian" policy was successful or not - but pitied his victims. - Peasant women, who sold a few extra eggs to their friends etc., were spied upon by Egg Board inspectors, to catch them at it. One local veteran, who shared the milk from his one cow with a comrade of his, from WW I, escaped prosecution only by the trick of selling to him, quite formally, the ownership in half the cow! Bureaucrats misrule this otherwise wonderful country as well! - J.Z., 23.1.03.)

Please read the here-enclosed article of **Promode Sengupta**. I take it from the paper "Azad Hind", which appeared at the Nazi-time in Berlin. Occasionally return it please - - this year or next. I know that the accusations of the English government in this article are the usual lies, which one Indian writer copies from the other, for decades. Nevertheless, it may be seen from the article that the old saw is true: The Indians greatest enemy is the Indian.

Some days ago, I bought for a few East-mark a book "Indien", written by **Korff**, a German traveller, no scientific man and no economist, but one who tells no lies. He reports many ruins and great deserted towns, which were probably as great as now India's large cities are, deserted fields, covering many, many square miles, now covered with jungle. That corresponds to what I read in many other books. Korff's book appeared 1893. Since that time nearly nothing has been done to take the deserted acres again under cultivation. With a little capital it could be done.

What the crux is, for India's peasants, one may learn from articles as that of Promoda Sengupta. I learned more from reports of Indian agrarian cooperatives, copied in reports of English cooperatives and some copied in a paper "Young India", which I had subscribed to 20 years ago. It's always the same: India wants - - among very many other things - - **buyers**, the rice crops want **eaters** and transportation facilities. It is not sufficient that people may travel in well-equipped railway cars from Madras to Delhi. Important it is to create transport facilities for the peasants next to Madras, so that they are able to bring their rice to Madras, as cheaply as the steamer brings it from Rangoon to Madras.

(J.Z.: I remember a gleeful report in a Georgist paper, seeming to indicate the cooperatives would do the Indian peasants no good, supplying some detail of one such coop. It mentioned but did not realize one of the major factors of its failure was the short lease period that it had. I believe that it was also only about 5 years. It had undertaken many improvements, upon which the rent for the lease was greatly increased, as soon as this short lease had expired! Thus this coop soon failed. The failure was ascribed to the cooperative organisation form, as being no substitute for the land reform recommended by Henry George. But this coop might still happily exist if its lease term had been at least been 15 years, if not 99 years. Naturally, like most Georgist writings, the article did not consider the monetary freedom aspect, either. Nor are all coops, run by some egalitarian ideologues or fanatics, quite individualistic, businesslike and propertarian enough in their particular and, supposedly, "ideal form" of organising production and sharing the proceeds. To call something a "coop" is just not sufficient - as numerous "coops" in the Soviet Union have proven, who had to try to work e.g. under price controls, wage controls, quotas and other pleasures of central and compulsory planning and direction. J.Z., 23.1.03.)

My impression is that if India would add to its present population another 400 millions, all 800 would be better off, better nourished and better equipped than the 400 are now. I possessed a book "From Akbar to Aurenzib"

(burnt) where from old reports it was demonstrated that at the time of about 1600, when India had about 60- 80 millions of inhabitants, hunger, diseases etc. were much more spread than they were at 1900.)

(J.Z.: By coincidence and, as far as I know, present India has now a population of about 800 millions. I have seen no statistics comparing its living standard with that of 50 years ago. - J.Z., 25.1.03.)

I was much interested in the mutual savings banks organised in the agrarian districts (near Madras) by young and courageous Indians and - - may the zemindars tremble - - of young Indian girls and women. If a movement is **so** deeply rooted, that Indian girls partake, then it will win, even though, in the beginning, its blunders may be numerous. (My information was from "Young India", an excellent paper.) Mutual Savings Banks are a **first** step to Free Banking. The next step would be that a local note-issuing bank pays the taxes for the peasants to the local authorities in its notes. The peasants accept the notes, when they sell their products. Then they use the accepted notes to pay the amount to the bank which the bank had advanced. ("Rueckstrom-Principle".)

From Promode Sengupta is seen that overpopulation has nothing to do with the present situation of the peasant, simply because it does not exist.

Drought and pestilence do bring a moment of uncertainty into all credit business, which must raise the interest rate. From an old Indian mathematical book - - more than 1,000 years old - - of Brahme Gupta, I learnt that the monthly interest in old India was 5%. I heard, it is still, for peasants, **at least 5 %** a month, if paid in kind and not in cash. (Peasants have no cash.)

(J.Z.: One libertarian asserted to me once that India could have a plentiful circulation of gold and silver coins - IF, firstly, they could be freely produced and traded and, secondly, if the custom would be to use them rather for this purpose than as jewellery and safety hoard, in jewellery form, for hard times. Perhaps the per head amount in India of rare metals, that is thus withdrawn from circulation, where it could serve as cash, is really significant. Whether this is true or not: For the circulation of freely issued, reusable (by all but the issuers), and market rated paper certificates, accepted as if they were gold or silver coins [especially by their issuers], no rich [or even any!] gold or silver stocks are required, but a free gold and silver market is, and free coinage - and the abolition of the gold redemption for issuers and of the right of creditors to demand payment in gold or silver. - J.Z., 23.1.03.)

Free Banking in India may lower the average interest rate to 1 % monthly, but not to the level which would be attained in England by Free Banking. Here we agree.

The land is being divided among the children at the father's death, you say. I do not believe that that things are different in India from those in other countries, where the division is **permitted**. The peasants are not so stupid as to divide the land if there are other possibilities to come to an equal partition of the inheritance. In Germany existed a literature about the manners of different provinces, in which the peasants helped themselves in solving the problem:

- 1.) justly divide the inheritance and
- 2.) keep the land undivided.

In **Roscher's** "Nationaloekonomik des Ackerbaus" (Economics of Agriculture - J.Z.) - - which I could buy after 1945 - - a very interesting extract is given, but it is too large for being copied here. Are there no special works about the rights of succession in India?

Irrigation in French Africa. Capital would be available, as much as there is required, if **gold clauses** were permitted in Africa. An investor who lends his capital to African debtors without a gold clause must have, as the Germans say: "Tinte gesoffen haben" (must have boozed on ink).

You say: "Would it not be better, in the meantime, to recommend these people to have smaller families?" We agree fully. But full truth should be declared:

"People, listen! We, your governmentals, are too lazy to meditate about such things as Free Banking, Exchange Reform and so on. Moreover, we think, that it is not our duty to spend our precious brain substance in meditating these problems and meditating on social reforms at all. We claim the privilege to follow only such principles which seem true without thinking about them. We want our brain to play cards with, etc., if our 4 or 6 or 8 hours of service are done. We are 'practical men' and not theorists. For us it is a simple principle: If men do not **exist**, then they cannot demand to be well governed, cannot demand that their labour may be used, and all these disgusting questions as the revolutionary Meulen and others dealt with, do no more exist, one **men** do no longer exist. Please -

- for our convenience and yours - - beget no children, and if you will be so kind as to hang yourselves we will thank you! Please ask not, if the people as a whole will be better off, if the number of children is reduced or if children are abolished. Imitate our logic: We say, a single man, who has no children, is better off than another, in the same conditions, who has children. Is it not true? And what is true for a single man is - - do not doubt it - - true for the people as a whole! What do you say? Fifty years later? Then the community will consist of old men, invalid and no more able to produce food? We beg you, that's and **idea** and it is **logical**, but we are no "theorists", to repeat it, we are "practical men". Oh - and who asked: You, governmental, is your means effective? Is it proven, that the number of men is inadequate for the quantity of food available? Silence, silence! And the peasants, who say, "Supply us with **eaters**, government!" - should be silent, too!

Let the people know that it requires too much brain substance for its governmentals to meditate about Free Banking and Free Trade and even to learn what that is. Let it further be known, that the ci-devant promoters of Free Banking and Free Trade (should? - J.Z.) say: People, disappear from the world and begin with your children, so that thy problems may disappear with your. That, is also **for us**, the ci-devant promoters more **simple**, than to teach you.

Russia's potential military strength. Were the Germans, who conquered the Russians for some time, a **free** people???????

And more: Does not history offer many examples where a slave people, under an able leader, conquered other peoples, much more free?

Rückstrom. "What is the reason for this condition on loans?" - The reason is: A continual and strong **demand** for the bonds here in question is crated. Demand raises the value better than other means do.

Freiburg Notes. Your objection has much weight. But a firm of - - say - - 5 employees is in another situation than a firm with 500 employees. The latter can help itself and the employees by factory-tickets, with "cours forc " only in the factory's shop. (If the shop is legally a shop of the workers or a shop of the factory owner is psychologically important. Economically it is not important.)

Bertrand Russell. I will try to get here some English texts of Bertrand Russell. It is easy to prove his superficiality from any text.

Vegetarianism. It seems, we agree what concerns the principle. Everybody should try what is best for him. (People who are not scientists are seldom able to **try** anything like that, because it needs careful and scientific observation.) Your opinion, that meat is less suitable for peasants than for a sedentary head-worker, seems confirmed by a scholar from the Berlin Institute for Asiatic languages. This scholar - - it was before the war - - spoke and wrote more than 100 Asiatic and other languages, which he had learned in the countries. Insofar he surpassed the celebrated Mezzofanti, who "only" spoke 56. This scholar never ate vegetables but exclusively meat. On the other hand, Chinese peasants, most of them strong men, are essentially vegetarians, apart from their eating fly cakes and such things. Gorillas, perhaps the strongest mammal beast, reckoned per pound of their own weight, are essentially vegetarians, orang-utans nearly s strong as gorillas and - counted per pound of their weight - - perhaps no less strong, are vegetarians, too. Their "construction" is not very different from that of men. **Korff** reports from the Museum of Calcutta that he saw there the skeleton of an Orang-Utan and, beside it, the skeleton of a native of New Zealand. They were hardly to be distinguished.

Kropotkin, in his works, especially "La conqu te du pain", contributed much to the problem "overpopulation or what is the reason?" I think, his contributions, though many decades old, still are valuable.

Bakunin, whose works I possessed, died at the hospital of Bern in Switzerland in 1876. He died voluntarily by hunger. One of his last words were:

"Les peuples ont perdu leur instinct r volutionnaire, il ne vaut plus la peine de vivre."

I understand Bakunin. And often congratulated him, that he had a friend at the hospital, the German professor Vogt, who **permitted** him to die in this way. In the opinion of old Romans (experts!) the least painful kind of suicide. If people of today still had their old instinct r volutionnaire, they would say:

"What? Renounce children, so that blockhead officials would save themselves brainwork?"

Such people know that the reduction of families will produce, in a few years, the very contrary of what the officials (without brains, but by what?) think (will happen? - J.Z.) - - - (They would say: - J.Z.)

No! A new kind of slavery is being imposed upon us, but we will no longer suffer it! Revolt, countrymen! Let us use our force and **pay with our own money!**

As for these officials: Let us put them before a vice or a turning lathe, if they are not too block-headed for this, but do not let such people **govern!**

And we will hear again the old:

"Du passé faisons table rase,
"Foule esclave, debout, debout!"

For without some physical force even the most spiritual revolutions are not achievable.

If they still had their old "instinct révolutionnaire".

A new Watt Tylor is wanted.

Very faithfully yours - signed: U. v. Beckerath.

(I was informed that Beckerath, on his deathbed, after a very painful operation, had somehow managed to get and retain his old pistol, under his pillow, possibly smuggled in with some books, so that he could end his life after all, as soon as he found it quite unbearable. Alas, some of his well-meaning friends discovered this option and removed it from him. I believe that with this action, however much they have loved him and however well-meaning it was, they did him a great wrong. One ought to have at least this last kind of self-determination over one's remaining fate, once every one of life's attractions has disappeared. - Due to family and job obligations, also to financial difficulties, I was unable to visit him during his last 10 years. We corresponded - but also not often enough. - I never expect to meet his like again. - J.Z., 25.1.03.)

26.7.1949.

Dear Mr. Meulen,

if you will read something **really** scientific about ethics read: "The Quest for Moral Law", by Louise Saxe Eby, Columbia University Press, New York, 1944, 239 pages.

If I would have the pleasure to meet Miss Eby, I would present her the following case:

It was in the year 1905, when in Russia they had made a revolution and everybody, workers and others, expected revolutions in the whole of Europe. At that time I belonged to a revolutionary club. Many interesting and valuable men belonged to that club. I remember one of them. His name was Imhoff. He took me aside one evening and spoke thus: "We must prepare a revolution in Germany, too! But that requires money. For our aim every way to win money is just. Look at Russia. There the revolutionaries say: We are at war with the Bourgeois- Society. **But they** shall pay for the war; and there the revolutionaries let them pay. The take banks and rob rich merchants and this with success. I am resolved to become a coiner. Will you assist me???"

My answer was, that I would assist him in organising secret printing offices and would write the texts for pamphlets. But coining - - too dangerous - - coiners better equipped than we are, were caught. He said, that he was firmly resolved. He was an engraver and insofar an 'expert'. The first thing - - he said - - is to buy a pistol tomorrow. If I am caught, I will kill myself.

Some weeks later I met his wife, a widow. He **was** caught and in the moment when the policemen would arrest him, he shot himself.

And today - - more than 40 years later - - I am far from saying he was **not** my friend. I am still convinced that he was better than all men and women together, who condemned him. And if a pious Christian would ask me, I would answer: Rather in hell with such a friend than in heaven with your adherents, moral and **very** good subjects.

He was a man of about 50. He had no hope to win anything for himself. For him life had only one meaning: Revolution against that "system".

And I would ask Miss Eby: How would **you** judge him? I am not **quite** sure that she would condemn him.

Very faithfully Yours - signed U. v. Beckerath.

(J.Z. Note: Why should he have killed himself, if he had only himself to betray? Bakunin managed to escape from Siberia, where he was sent as a prisoner. As for the means, namely to use forgery of government money to finance a revolution, Beckerath, a few years later, in discussions with me, clearly condemned it, pointing out that there are much better ways and honest ones, too, to finance a revolution. The additional inflation, caused by private forgery,

in competition with the governmental inflation, would only make economic matters worse, which would not be desirable for freedom loving revolutionaries or a liberating militia army or a revolutionary one. He had actually written a book about properly financing a revolution, whose manuscript also burned on 22. 11. 1943, together with his library. He was probably too wise to keep it in his survival suitcase, in case he would be searched. In a large library once can hide such things reasonably well.

Imhoff was ready to lay his life on the line for what he believed in, rather than merely talking about it. But he hardly did it in an optimal way, for maximum returns. If these revolutionaries had thoroughly discussed all their options, then they would have come to condemn this one and would have steered Imhoff towards more constructive actions or at least less destructive and suicidal ones. But at that time Ulrich von Beckerath was not yet an advocate of monetary freedom and its possibilities for a genuinely liberating revolution and for ending inflations, depressions and mass unemployment fast, easily, cheaply and lastingly.

After a long search, about 12 years ago, I finally got myself a copy of Eby's book, read most of it and was not greatly impressed by it. - I just finished reading the remaining pages and was not further impressed by them. She made some suggestions for finally turning ethics into a science, but offered as yet no other results than that systematic research ought to be continued. Many of her premises, opinions and conclusions are very flawed. The book can be useful only if read very critically. I supposed U. v. Beckerath did this but did not mention this in his short recommendation. - J.Z., 25.1.03.)

U. v. Beckerath, ...

29. 7. 1949.

Dear Mr. Meulen,

as great as, at the moment, our difference may be, concerning Malthusianism, they can - - I think - - be reduced to **one** point. That point is of a kind that merely a difference in **information** produces a difference in our opinions. If your information is right, then agriculture is now - - in this year, 1949 - - not able to produce the quantities of food necessary to satiate mankind. Further, your information tells you that agriculture cannot - - in this year 1949 - - be extended by new scientific methods e.g., to an efficiency great enough to bridge the pretended deficiency in the supply of food. Your information is of a kind that it must be supposed - - with a probability of more than 99 % - - that essentially and in the next years things will not be better unless a decline in population creates a better adaptation to agricultural and technical possibilities.

Concerning the disproportion of hunger, to the possibility of appeasing it in the past, we do agree, that there may be a difference of opinions because it is very difficult to get a **sufficient** quantity of data to judge the question in full. My argument, that famines as a consequence of **overpopulation** are not recorded in history, is - - I must admit it - - a purely negative one, and to the **lack** of information may be applied the old logical rule: Ex nihilo nihil fit. Concerning the future - - say the state of things in 20 or 30 years or so (not to speak of the future in 200 or 300 years), we do agree, that future generations must take care for it. Neither you nor I can here and now **prove** anything or **refute** anything. But an essay to estimate the probabilities of what I expect and of what you expect must, in every case, be of interest for both.

About the **present** state of agriculture, I think the opinions of agriculturists themselves should not be overlooked. The general opinion of agriculturists in **all** countries (should England really present an exception??) is:

- 1.) The technical possibilities of agriculture are **by far** not utilised
- 2.) The technical possibilities could be **much** better utilised
 - a.) if by increased demand a greater quantity could be produced,
 - b.) if agriculture would be better supplied with labour,
 - c.) if by bettering of lodgings, amusing choices, etc. there would be a reduction of the temptation of agricultural labourers to move to towns and, vice versa, there would be created an inducement for industrial workers to move to agricultural districts,
 - d.) if schools in agricultural districts would be so improved that children there do not learn less than at others,
 - e.) if there would be created better possibilities for assiduous workers to replace wage work by real peasant work, say by offering them to lease land to individuals as well as to agrarian cooperatives.
 - f.) by eliminating, as much as possible, intermediate trade, say by favouring sales-cooperatives or by long term sales agreements with industrial cooperatives or other buyers,

g.) by extending credit insurance to small agricultural credits, so that the now prevailing system of first mortgage loans may be abandoned, etc.

In every country there are special desires of the peasants and, in most cases, these desires are well founded and just, although the means, which the peasants propose, are often badly founded and unjust. Example: In all countries the peasants demand protective duties, which are a bad and unjust means, what Bastiat and others proved better than I could.

In South America, in the whole of Africa and in some other countries, the peasants need a better health service; they are right.

In 9/10th of all agricultural districts better transportation facilities are needed. It is true, that in **very** many cases (probably in more than 50 %) the product per labour-hour could be increased by 1/4 or much more, by better ways, by field-railways, by a better supply with draft animals and a veterinary service for them.

These all are no new inventions or ideas. They are not translated into practice because the market is too bad. (Meaning here: It does not exert sufficient monetary demand for the produce. - J.Z., 26.1.03.)

Your information says that, on the whole, the peasants are not under difficulties to sell their products, and that, on the contrary, a continuous and strong demand prevails, with very few exceptions and without economical significance.

It **must** be possible to find out, which standpoint is right and which information is true.

In the year 1922 I became actuary of the reinsurance company "Deutschland". This company reinsured the business of some great public insurance companies. This business was, for a great part, an agricultural one. In this milieu I constantly heard about the terrible pressure of food against the too slowly increasing population and I had constantly to do with the **facts**. They were quite the contrary of what - - in Germany as in all other countries - - the Malthusians said about the lack of food and the overpopulation. The agrarians maintained that the food importations to Germany were not the consequences of any real lack of food but simply the consequence of the great cheapness of wheat etc. in other countries. The latter was confirmed by the measures of the Nazis. In the year 1928 the importation of vegetable food was to the value of 4, 203 millions of marks, of which 571 was for wheat. In the year 1936 the importation of vegetable food was 670 millions, of which 7 millions was for wheat. (The most important items in 1936 were: fruits from the South = 145 millions and oil-seeds = 193,9 millions.)

I saw many examples that there was really too much food in Germany. The quantity of potatoes was so great that the largest part of the crop was sent to the distilleries and to the starch-factories. But the quantity of alcohol thus produced was so great, that the government ordered the petrol for cars must be mixed with alcohol. (I forget the percentage required.) Repeatedly I heard from peasants, that they must use butter for cart-grease. And that was all to be observed while in the towns the people were by far not as well nourished as would have been possible. In the towns, therefore, the theory of a German overpopulation was generally believed (seemingly, the "facts" were on the side of the Malthusians), while in the agrarian districts the problem discussed was: How to win eaters? (Rather, buyers for the abundance of food ready to be sold! - J.Z., 26.1.03.) One means possible seemed to be the relocation of the population of great cities into smaller communities, because the statistics seemed to prove, that in the great towns the population grew too slowly - by births.

The endeavours of the Nazis to increase the population were not **merely** military founded. The increase of agricultural production and the better use of the agrarian possibilities was also a reason.

For me it was amusing to see in the same bookstore pamphlets of Malthusians, who "proved" that Germany was terribly overpopulated (The Nazis asserted that we had to conquer more 'Lebensraum' [living space] in the East! - J.Z., 26.1.03) and pamphlets of the agrarians, who "proved", that there was an overproduction of food and that something must be done to get the surplus sold.

Psychologically it was interesting for me, that among all my acquaintances (at that time many people) nobody perceived the logical contradiction. But not only that. I also had a little collection of pamphlets, in which the **same** (stressed by me! - J.Z.) author proved:

- a) that Germany was catastrophically overpopulated,
 - b) that Germany's agriculture must get better sales facilities,
- without becoming aware that, if b.) was true, then a.) could not possibly be true.

(J.Z.: Please note, that the Nazi's belief in and assertion of the "need" for Germany to gain "Lebensraum" (living space) was **one** of the motives that drove them into their aggressions! People tend to act upon their ideas, no matter how wrong and false they are. - Many Japanese people, too, seeing that they were largely blocked from the world market, although they depended upon it for their very survival, come to believe that they had to conquer a market, their own "co-prosperity sphere", where they could sell their industrial goods for food and raw materials. They would have had not difficulties with such exchanges under Free Trade - - but precisely that was denied to them, by the supposedly enlightened and free Western World and almost all its economic experts and specialists and by the "statesmen" and "great leaders" following the advice given by protectionist "experts". - - The best thing about "Protectionism", as Ulrich von Beckerath used to say, is its name. It seems to deceive almost everyone into believing that "Protectionism" would really protect them, rather than wrong and harm them. Naturally, it grants a few privileges to a few - at the expense of the many - and these few keep it alive or revive it, again and again, in their own special interests. - As superficial and wrong is all too much of "free and compulsory public education" and as disastrous in its consequences! - - It's almost as if all our physicians were advising us that rat poison would be able to cure all our ills. They are right, you know. If only we took it, in sufficient quantities and without anti-dotes in time to save us, then we and with it us all our "problems" would simply disappear from the world. - J.Z., 26.1.03.) (J.Z.: What Japanese then - and now! - should have produced, was not only cheap goods, but international clearing certificates, redeemable in them, with which they would have been welcome and large scale buyers in all other countries, and which, **obviously**, would have led to a balanced trade between Japan and the countries of the world from which Japan would have freely imported in this way, especially while countries were under great pressure to export. Then the militarists and "market conquerors" in Japan would have lost much earlier. Even without these international clearing certificates, which U. v. Beckerath and Professor Edgard Milhaud described in details in their writings, Japan made the world its market after WW II and insofar was victorious, but it still suffers from the effects of monetary and financial despotism at home, which led to huge losses and have held Japan back, as they do the rest of the world. - J.Z., 23.5.03.)

At last I could convince 6 of my acquaintances, that the problem was of a purely monetary nature. The most active and perhaps the most intelligent of the six was the late manager of the "Deutschland, Dr. Ramin. "When he had gained a full insight, he invited Zander, professor Rittershausen, Dr. Unger (manager of a restaurant-chain, the well known Kempinski restaurants - - with more than 4000 employees), Dr. Meis from the Coal-Syndicate and - - last not least - - Dr. Munzer, who died some months ago, as a professor of economics at Quebec and at that time the "brain" of Brüning, the Reichskanzler. We framed the "Four Bills". Without Ramin the Bills would never have been framed. (So B. was the initiator, there, too! - J.Z., 23.5.03.)

I beg you to accept the foregoing explications as an explanation of my 100 % anti-Malthusian mentality.

There must be something in Malthusian thoughts which obscures to scientific men as well as to others logical contradictions.

(J.Z.: Simple, seemingly obvious, but, nevertheless false explanations have more pulling power for most minds, trying to manage by spending the least possible mental effort, than have realistic explanations, which take all the known factors into consideration. Compare the long predominance of the notion that the Sun turns around the Earth. Simple but false "explanations" still prevail in the political, economic and social sphere. Already Socrates complained about that. Ortega Y Gasset called it the "barbarism of the specialists", when they came to try to judge matters outside their sphere of competence. Sometimes it happens even within that sphere, due to "unchecked premises". Nevertheless, an encyclopaedia of the best refutations so far found, of all the popular errors, myths, prejudices etc., which are obstacles to progress and cause us to step from one mess into another, has still not been compiled or published, although it has been very urgently needed for over 2,000 years. - I often pointed out the need for it - but did not find, apart from Ulrich von Beckerath, who might have suggested it in the first place, even a **single** collaborator for such a project. I only got some enquiries from people interested only in getting the **finished** product. Obviously, I cannot manage it on my own. Enlightenment requires the maximum participation of all those to be enlightened, even those, who wrongly think that they already are enlightened. Again: People tend to avoid the labour or thinking as much as is possible for them. And, surprise, surprise! - mostly, they do succeed in **this**. Now, the Internet would make such a project easier than it was ever before. But nobody seems to be ready to

start it there. For me it is just one of dozens of urgent projects. None of them I can manage to efficiently tackle and finish on my own. **HELP!!!**- J.Z., 26.1.03.)

Since light-rationing (electricity rationing - J.Z.) is abolished, I resumed my old bad habit of reading something in the bed before sleeping.

(Not so bad, if the reading matter is not very exciting. If it is, it may keep you awake into the morning and make you all too tired afterwards. Otherwise, it may, quite effectively, help to put you to sleep. - J.Z., 26.1.03.)

Yesterday I read in Friedrich von Hellwald, "Culturgeschichte in ihrer natürlichen Entwicklung bis zur Gegenwart", Augsburg, 1877, 2nd edition, vol. II, page 382 about the population before Cortez in Mexico. Hellwald speaks of the human victims of the Aztecs. He thinks that their origin was the very cold winter of 1450 and the famine years following. H. adds, that the cruelty of the sacrifices partly was excused - - not from a moral standpoint but from an Aztecian standpoint - - seeing, that the sacrifices diminished the population, and he thinks, that the rulers of old Mexico had, principally, that in mind. H. compares "overpopulation" at Mexico with the "Black Death" in England, in 1348, with its far-reaching economic consequences and says, that such consequences were avoided by the sacrifices at Mexico. Will Hellwald assert that after 1348 the English were better nourished than before? I am convinced that the contrary was the case, that then the number of peasants was so much reduced and - - as is well known - - not old women and old men were befallen by the plague, but much more men in young and middle age, that is the producers. I think the protection in the towns was more effective than in the agrarian districts, so that the mortality in the towns was no "unburdening".

On the other hand, the number of the victims (in Mexico - J.Z.) is known, although Hellwald does not mention them. In "normal" years about 20, 000 victims were sacrificed and after wars 80, 000, and, as it seems, mostly young men and not old people, whose killing would have been a real "dis-encumbrance". The number of inhabitants of Mexico must have been several million, so that an additional mortality of 20,000 was of little influence. Further, the sacrificing of 20, 000 **young** men, who could have been used as labourers in the fields, must have, indirectly but remarkably, diminished the food supply, for a young labourer can produce the food supply for 9 persons, which I learned from a book by Robert Owen.

(J.Z.: According to one reference book that I had and read many years ago, by Guenzberg (?), already in the Middle Ages, in Europe, one farmer could supply food for up to 15 people! There are many modern references indicating that the advanced - but still artificially restrained agriculture in the USA is done by a mere 2-3% of the people, who not only provide an abundance of food for the U.S., where obesity has become a problem, but also for much of the rest of the world. - J.Z., 26.1.03.)

The sacrifice actually was a mere religious matter and the god Huitzilopochtli was of the same kind as old Moloch in Western Asia, to whom the best men and young women or children were sacrificed, never old people. (I think, **Abraham** was the first to abolish human sacrifices and replaced them by animal sacrifices, so that the story in Genesis, chapter 22, comes to make a quite reasonable sense. I will believe that many tribes joined a tribe whose religion was so progressive, that Abraham's, shortly after his reformation, really became a "great people".)

(Can we really look down upon those people, who committed these ancient human sacrifices, considering that during the last century ca. 170 million innocent people were sacrificed to the modern Moloch, the territorial State, according to researches compiled by Professor Rummel and accessible on the Internet? - J.Z., 26.1.03.)

The strength of Malthusianism is the confounding of the **buying** of food with the **producing** of food. The difficulty of **buying** "C'est ce que l'on voit".

That this difficulty is founded in the very nature of all "exclusive currency" and that it has nothing to do with really **produced** food, that is what average men do not conceive, "C'est ce que l'on ne voit pas".

(J.Z.: I find it terrible, even tragic, that U. v. Beckerath had still to try to convey this truth to, of all the people, an advocate of Free Banking, Free Enterprise and Free Trade, like Henry Meulen, further, that he did not succeed in this effort, even with all of his patient and best letters on this subject. None of them, to my knowledge, found their way into the few bi-monthly pages of The Individualist. However, I haven't seen them all and do not remember all the contents of those that I have seen, read and microfiched. But B.'s contributions there are very rare, in the copies

that I have seen, although they could have filled all issues, at least in 1949, and many more. Meulen destroyed his correspondence - under the wrong and personal impression that he had already included their best contents in *The Individualist*. Alas, we do not live as yet in an "Enlightened Age" but merely in one of an all too slowly and often back-sliding "Age of Enlightenment Efforts". - J.Z., 26.1.03.

On the other side: In all societies where the food producer must **sell** the food, he finds difficulties and thinks that the world is under-populated. Men violate God's prescription - - he says - - to increase mankind. The difficulty of selling, "C'est ce que l'on ne voit pas".

The increase of population has also - - of course - - an individual side. It is observed in all societies where it is not possible to provide for old age otherwise than by having children, who assist their parents and grandparents, that there children are a natural and good **investment**.

I mentioned the Chinese student **Yü**, an acquaintance of Zander and me. He was the 18-th male child of a banker at Canton. He told us: We are all glad that my father has so many children. If he is old and we remain all alive, the burden to support our father will be divided among many and be small for any son. (I forgot, how many sisters Yü had.)

Roscher reports that in Western USA the farmers knew: At about 6 years a boy produced - - although indirectly - - the food he eats, by tending geese, by performing commissions, etc. At the time of which Roscher speaks (it seems, it was the time of about 100 years ago), 6 children for one family were quite normal and a greater number was often observed.

In a description of Egypt I read that the Egyptian peasant counts a child of three years as able to produce the food it eats. The traveller was induced to question when a child becomes a producer, by the fact that one day he saw a boy whom he estimated to be 2 years old, leading a camel, which patiently followed the boy through the fields and was guided by a straw cord. The care for the children is no problem: A sister of 7 years cares for the baby and if there is a quarrel among the sisters, then it is for the permission to care for the younger ones.

When I was in New York I spoke sometimes with people of the lower classes about old age assistance. And **all** reported: The best is to have children. On the other side, the birth rate at New York is low - - I know - - but somebody who knows the American population problems better than I do, will reconcile the fact with the mentality mentioned and observed not only by myself.

A further incitement to get children is the custom to **sell** the daughters. Where men must **buy** their wives, the bringing up of daughters is a profitable business.

I need not mention here the religious reasons (economically well founded) for begetting sons.

If the State or the church provide well for old age, there is a quite opposite tendency. In the Venetian districts of Italy about 1/3rd of the population lived, in the 18th century - - I read - - from assistance provided by the church. Population in Italy remained constant for about 200 or 300 years, until in the 19th century new economic possibilities were opened up - - very moderate ones, from the standpoint of a well-to-do English or German citizen - - but for modest Italian people considerable.

In France providing for old age is easy by investments of every kind. Considered from an individual standpoint, it is (or was before 1914) more profitable in France to invest the money necessary for the education of children, than to rely on the assistance of children in old age. One must not forget, that in France many investments - - especially all State loans - - were tax-free, so that their yield was much more than the nominal interest. Since 1914 the money is continually depreciated; investments are now, in France, as foolish as once they were profitable. The effect will be an increase of its population, there where poverty is not too great and housing facilities are created, or the people are permitted to create them (which will be difficult without credit on a gold basis.)

(J.Z.: Inflation, outlawry of gold clauses, taxation and rent control, saw to it, that for many decades, since 1914, more houses collapsed in France, for lack of repairs, than were newly built. Special studies on this do exist. I still remember the sight, e.g. in Gagny, a suburb of Paris, where I temporarily stayed in 1958, of strong beams tilted, wedged, against the outer walls of houses on their upper ends and on their bottom ends extended, wedged, into the street, to prevent the house walls from collapsing. This, apparently, was the only kind of repair which either landlords or tenants could afford, under these conditions. - I suppose that this kind of precaution was only taken after a number of houses had collapsed, with its people in them and upon the people in the street. - J.Z., 26.1.03.)

In your letter of 23rd of July you proposed:

"Would it not be better, in the meantime, to recommend to these people to have smaller families?"

If such a recommendation would be followed, it would transform the **seeming under**-population - - the thing considered from standpoint of a peasant - - that is a lack of **buyers**, into a lack of **eaters**, that is a **real** under-population. People who like to eat but cannot buy, because the bad monetary condition of their country does not permit it, may become **buyers** by a monetary reform, and then become eaters. But people who do not exist can become neither eaters nor buyers. The consequence of a continual agrarian overproduction is unavoidably any kind of Hitlerism, even though the movement might call itself Anti-Hitlerism.

Is Malthusianism confounding
a.) a lack of money to **buy** food, with
b.) real lack of food?
or not??????????

You were so kind as to send me a clipping from the **Times** of 22nd of July 1949. Thank you very much. The parliamentary deliberations are very interesting. I beg to write more about my impressions in one of my next letters.

What the orators did not emphasise enough is the deep change of German public opinion in consequence of the dismantling (of German plants - J.Z.) by British Authorities. Everywhere one hears: Oh - - the Englishmen - - there are very good people among them - - remember the first time of the occupation, when English soldiers protected us against the Russians - - but these people have no influence. Influential are those, who govern the English industry. They fear the, German competition and now they dismantle the German factories. If they could, they would exterminate us. Our only protection in the world are now the Americans.

I report only what I hear in the railway, in the streetcars, in the stores. You know my own opinion.

Some months ago, the Manchester Guardian published an article about the air lift. That was water on the mills of the Russians. The article said: The Germans wish this or that concerning the supply by the airlift. They have nothing to wish. May they know, that the airlift is not **for them**; they are merely an **object** in the air lift action. Of course, most German papers published translations or at least extracts. You may imagine the effect. The MG is here sold also, at most news stands and many buy it. So it was easily to be seen, that the translations and the extracts were quite correct.

People say: That is the **true** opinion of the English people.

You know, that my own opinion was (it is still): A dominion status for Germany and joining the British Commonwealth would be the best for both. A propaganda for that idea is now impossible. It will - - that is my opinion - - be impossible for the future. That is the effect of this dismantling and of **this** article. 90 % of all English will laugh if they hear that (but they will never hear about it) and say: What if this disarmed, hungry people "bleat" (to translate the German "meckern" = grumble)? But history presents always new situations. Not **quite** impossible (although not very probably) would be the following. After Stalin's death, his successor perceives that the present Russian politics against Germany is simply crazy, considered from a Russian point of view. What the Russians win by the "reparations" (some estimate that they take now about 1/2 of East-Germany's production) is very little compared with the whole of the Russian production. The bad treatment of the Germans creates no advantages at all. The favouring of the SED - - a party to which probably less than 5 % of the population adhere or with which they sympathise - - is also crazy, considered from a national Russian standpoint. Let us supply the Germans, stop the reparations and grant them a democratic government. A follower of Stalin could speak so and will be trusted if he speaks so immediately after Stalin's death. Then a public opinion will arise in Germany - - at first in the East - - as in May 1945, when it would have been the most easy thing for the Russians to win Germany as a 17th Soviet-Republic. (In June the mood was already very much changed.) Of course, the Russian troops must at once be retired. All that would not be impossible (although not probable). Then England's situation is very much changed. Politically, she is lost. And not a single man is there in England, who explains to his countrymen the **real** situation.

(J.Z.: Germans could not have very fast forgotten the raping and plunder they suffered from Russian soldiers and officers, as well as the driving-out of whole populations from their homelands, as B. here assumed. Nor would they have wanted to become subjects of just another "people's republic" under centralised and despotic rule from the Kremlin. It would have had to be a genuine and perhaps also a direct democracy, i.e., something that the rulers of the USSR had long denied to their numerous and very diverse subjects. - J.Z., 27.1.03.)

For me and men like me remains: Consider the events so as if they would have passed long ago. We do not belong to our time and to one country. Our aim is: Create a Commonwealth - - may it be a new small State or a new small union or a new great State or a new great Union - - in which that, what we think best, is realised as far as, among **mankind** such a thing may be realized. Whether the first (partial) success is won in 5 years or in 5,000 years, is not so important. What may disturb the plan are the atomic bombs. Perhaps they explode one day there, where they are now stored. (Certainly, such bombs are not **very** durable.) From a philosophical point of view, there may still be said something about it.

Very faithfully Yours - signed: U. v. Beckerath.

W. B. Greene in Mutual Banking explains that international competition, the terror of national economists under the reign of exclusive currency, changes its nature when imports or exports are paid under the reign of Mutual Banking. The thing could get practical importance, if there were men to read W. B. Greene's writings today.

30. 7. 1949.

Dear Mr. Meulen,

some days ago I visited professor Vierkandt, a well-known philosopher, still delivering lectures at the University, at the age of 83.

His wife reported: In the days of April and May 1945 our house (at Kohlhasenbrück - - not far from Potsdam) was occupied by fighting Russian troops. There were fights immediately near our house. Several 100 Russians passed the house but they took not a spoon. Later German fugitives plundered but not much; we could frighten them away.

Justice demands also the recording of such quite extraordinary events.

Vierkandt and his wife are very well acquainted with Zander who asked that family to invite me.

I met a Jew, a lawyer, Dr. Israel, an excellent man, whom I have known for many years. When the Russians occupied his house, he represented himself as a Jew. The effect was quite unexpected. "You - - said the Russians - - you a **Jew**?? That is impossible, you are a swindler! Hitler has killed all Jews. We know that very well. Shut up and go!"

Very faithfully Yours - signed: U. v. Beckerath.

(J.Z.: I wonder, how **he** managed to survive in Germany, under the Nazis, with his name. That, at least, should have been explained by Bth. - J.Z., 27.1.03. - About 5,000 Jews were hidden in my home-town, Berlin, by their non-Jewish friends or relatives, by marriage, at great risk to them, and thus survived the Hitler regime. Their stories were not as well publicised as the atrocities committed in the concentration camps. Hiding them also meant sharing scarce rations with these unregistered and thus un-supplied people. - J.Z., 23.5.03.)

31.7.1949.

Dear Mr. Meulen,

much better than I could, you do explain in Free Banking, page 216, the fundamental difference between "natural", demand and monetary demand. Apply your explanations to the present situation and to the demand for food and become the St. George of Malthusianism!

Yours faithfully, signed: U. v. Beckerath.

U. v Beckerath,

1.8.1949. Your letter of 29.7.49, received today.

Dear Mr. Meulen,

with much interest I read in No. 7 of "The New Generation" Mr. Kerr's article about my modest contribution to an investigation of a possible connection between density of population and wealth. I think Mr. Kerr's reply is scientific and some of his facts must be recognised by Malthusians as well as by Anti-Malthusians. I am glad to agree with an expert like Mr. Kerr in the critical examination of the logical value of statistics such as printed on

page 49. Every statistic of that kind will prove neither that a low density merely, by its small population keeps the average income low - - as old mercantilists asserted, nor that a great population density keeps income low merely by its great density, as old Malthusians believed and some Malthusians still are inclined to believe a priori. Mr. Kerr's standpoint is the only one to be admitted in science. "All comparisons in every physical science depend on the qualification: Other things being equal. Mr. Kerr presents a very well selected example: "It would be absurd to expect Russia to have a higher real income per head merely because she has a far greater amount of land per head."

It seems I do agree also with Mr. Kerr, that it is the task of a science of population to determine or to estimate for every country, for a given time, under given or supposed circumstances, the **optimal** number of inhabitants.

I am pleased to read in Mr. Kerr's article, under the heading "Abundant land per head": They do not emigrate to take up land. The immensely greater number of emigrants go to the higher wages in the towns".

The progress made by Mr. Kerr, compared with the old and primitive Malthusianism of 150 years ago is considerable and his view is in best harmony with facts. Take Germany: Nearly in the whole 19th century, in every year ten-thousands of emigrants left the country, in some years about 200, 000. But in the years before 1914 Germany had become a country of immigration. More than 9/10th of the immigrants came from countries where victuals were abundant and extremely cheap, and it was their very cheapness and abundance which drove the, young peasants from Poland etc. into the German industrial districts. Old Malthusianism would have declared such a change as quite impossible and would have declared, a priori, the immigration statistics to be erroneous. Very remarkable and confirming Mr. Kerr's observation, is the considerable emigration from Germany's Eastern provinces to her industrial West. although in the East there were many more victuals than the population in these provinces was able to eat. But the wages were too low.

Colin Clark's figures, arranged in arithmetical order by Mr. Kerr, offer an interesting series which could serve as a basis or a further examination. In all of the 10 mentioned countries - - Ireland excepted - - the average income **rose** with the increase of the population and - - I estimate - - much quicker than the population rose. The reasons - - as everyone knows - - have nothing to do with population density than the present average income has to do with the present density. Obviously, it was not Mr. Kerr's intention to modify his statements, by simply rearranging the figures on the foregoing page.

Mr. Kerr will admit that today a factor is to be taken into account which, at the time of Malthus was not of first importance for many countries and especially not for England. This factor is Russia's military strength, increasing every year by about 1 million well trained soldiers. This strength has been considerably increased, during the last months, by the extension of communist activity in neighbouring countries.

Russia attained her military strength by a mentality of the people that is in all respects contrary to Malthusianism. The importance of this newly arisen factor admitted, it is obviously a task for Malthusians as well as for Anti-Malthusians to find out, by scientific methods, the **possible** as well as the **optimal** number of inhabitants for every country willing to collaborate with the non-communist world. "Optimal" means here the whole of conditions where an increase as well as a decrease in population does diminish the welfare of the people, other factors remaining unchanged.

Here - - of course - - is to be determined what can be considered as the state of greatest possible welfare; certainly, military security today is an element of welfare, no less than at the time of the Hussites or in the years after the conquest of Byzanz (Byzantine Empire - J.Z.) by the Turks.

The optimal and the possible number of inhabitants for each country will be close together, once scientifically determined. That is my opinion - - within the limits of exactness for such estimates. The opinions of others may widely differ.

I beg you to try a collaboration with Mr. Kerr on the basis here traced. What is lacking in the group, led by Mr. Kerr, is an insight in the **monetary** conditions determining the possible degrees of the density of a population. On the other hand: what **you** want "is a stage of the importance of Malthusianism."(I did not try to reword these words, since I am not quite sure about what he meant by them. - J.Z., 27.1.03.)

You would be able to complete the lack of Mr. Kerr's movement, and Mr. Kerr is scientist enough to appreciate the help of a theorist of your rank. (Does Mr. Kerr possess your book????)

A kind of "Reformed-Malthusianism" may arise from your collaboration, for which a suitable name may be "New Generation Movement", if posterity would not simply prefer: "Meulen-Kerr-Movement".

Great movements are possible if the founders are men taking themselves serious, however modest their beginnings may be. A historian like you knows historical examples.

U. v. Beckerath, ...

2.8.1949. Your letter of 29.7.49.

Dear Mr. Meulen,

It would be easier to write a pamphlet about the article in the July-edition of the New Generation than a letter. "A low ratio of population to natural resources is the most favourable to a high standard of life".

If that would be true, then inhabitants of Brazil should enjoy a much higher standard of living than those of Sweden or Canada.

(Or the Eskimos, seeing the riches they have of pure water, in form of snow and ice and the desert nomads, in form of sand that could be used for building, concrete roads etc.- J.Z., 27.1.03.)

I need not prove that the contrary is the case and the **causes** why the contrary is the case. The fertility in the interior of Brazil surpasses by far that of California. But the Indians are glad to find caterpillars and rain worms.

"The people of new countries are far better fed than those of old countries."

History does not confirm this assertion. The first settlements in North America starved and very probably would have been given up, if tobacco had not been discovered as a means of payment for victuals sent from England. (Sometimes, the Red Indians had to teach the white farmers how to make some fields fertile enough - by ploughing under enough fish. And to get them to work hard enough, they had first to renounce their primitive communism, agreed upon in their charters. - J.Z., 27.1.03.)

In South America, also, the **new** settlements are always those where the people are worst fed. People support them, hoping to be compensated in later years by crops which **new** settlements seldom yield. There were exceptions in California and still are in Siberia. But the settlements were or are not in quite new countries.

In most cases fertility is a product of human labour as well as crops are. One of the most striking examples is **Malta**. Kropotkin, in his work "Agriculture and Industry", mentions numerous other examples.

"The agricultural productivity per worker is far greater in thinly populated than in densely populated countries."

That is not true. For decades the productivity of agricultural labour has been very great in England and certainly greater than in Argentine, if the quantities of wheat etc. per labour hour are compared. You mentioned already - - and I am inclined to agree - - that the productivity of agricultural labour in China and Japan does, perhaps, surpass all others, if political, commercial, sanitary etc. conditions are rather normal.

(Under labour intensive agriculture the productivity per acre may be very large and still the productivity per labour hour very low. While under largely mechanised agriculture, by a few people, over a large acreage, the fertility of an acre may be much lower but the returns per labour hour invested, not counting the capital here, which is also pre-done labour, may be very much higher. All sides of a question should be examined, not just one or a few of them. - J.Z.. 27.1.03.)

I am interested in the little statistic about the number of people which one agricultural labourer may support. The old estimate of Robert Owen, nine men, is - - it seems - - still valid. But I think the improvement in agricultural machinery must have, in many ways, improved the efficiency of agricultural labour. There must exist other causes, which compensated the effect of the said improvements. I know, that in the first year after the "Essay of Population" **Godwin** refuted Malthus by pointing out, that with every mouth newly born, two hands were born as well, able (after a few years) to support nine men.

Ireland. It seems that some Malthusians really ascribe the present state of Ireland, where at least **famines** ceased, to emigration. On other hand, economists rank Ireland still among the **poor** countries. That Colin Clark calculates for Ireland a higher average income than for France, Belgium, Norway and Denmark causes me to distrust his statistics. Norway! A country with less inhabitants than Berlin (many less) and - - some time before the war - - possessing a commercial fleet, third in range of the whole world, - much greater than the French!

I read old reports from the great Famine in Ireland in 1847. The reporter said: Great wagons with potatoes passed the streets and besides the highways lay the starving Irish! The potatoes were sent to the harbours and from there to England.

"Post hoc ergo propter hoc", that's a bad logic, as already the old scholastics found out.

Kerr becomes aware that fertility etc. are factors beside the economic, political, commercial and monetary conditions of a country and, in many cases, not the most important ones. But in his "New Generation", things are represented so as if still **old** Malthusianism had any scientific weight. It taught that, on the contrary, social and economical conditions are the **effect** of the supply with food. The latter has the enormous advantage to be a **simple** idea, and simple ideas always have a good chance to win. Yesterday I bought a weekly, "Sternzeit", published by an astrologer. Interesting insofar as he explains things still simpler than Malthus did and, at the same time - - in the eyes of average men - - more "scientific". I estimate that in Germany more than 50 % believe in astrology: I think that in England the ratio will not be smaller. But there is an idea, much more simple than Malthusianism and astrology, that is the old "egalitarian" idea (the word "socialistic is too good for it): "The upper classes eat too much and **that** is the reason why we cannot eat enough."

In the whole of Europe this idea **has** already won and modern "rationism" (? rationing? - J.Z.) is an immediate consequence.

Scientists should not be seduced by the **simplicity** of ideas.

The order of the USA-government to reduce the wheat-growing area is a good occasion for Malthusians to revoke their creed and to declare:

"Until now we had the right to believe, that by the war the agricultural possibilities of the world were insufficient. The measure of the USA demonstrated that this has changed, Consequently, we change our standpoint and recognise that agriculture **now** is in the same state as industry, very well described in "**Free Banking**", page 214:

"The deep evil of our system is manifest in an inability to sell, even on the part of those who have correctly anticipated a demand in the community."

As long as agriculture finds selling difficulties, of course, it would be unscientific to explain insufficient nourishment by a lack of good in the community or by an excess of population. Malthusianism, if it still claims to be a scientific doctrine, must **now** join the (still to be created) **Free Banking** - Movement and defer its previous recommendations until normal times, under normal economic conditions (which means Free Trade, are restored) and buyers stand in queues before the bakeries. (That is hardly a normal condition, either, but, rather, one of planning, rationing, quotas and price controls. - J.Z., 27.1.03.

You say in your letter of 29.7.:

"Even if we paid for imports in Pounds, it would not help us. The US exporter can use only dollars, and must change the Pounds at some US bank. As the pound falls in value, he will ask for more Pounds, which will turn the exchanges against us as before. Before 1914 our exports, visible and invisible ones, roughly balanced our imports. This is the reason why there was no dollar scarcity then."

Old books on commercial banking represent the thing in the following way - - and I think they are right".

If the Pound fell in value then a mass of articles, not saleable before, suddenly become saleable abroad. Free Trade at once uses the opportunity, and that within a few days, and in most cases within a few hours.

That additional export (from England) was paid by the bills fallen in value Bills used in this way as a means of payment, do disappear from the exchange market, together with their discount (disagio). Then the normal state is restored. The "devaluation" performed by the free exchange rate went always exactly as far as it was economically desirable and ceased exactly when this was economically desirable. For State power worshippers it was undesirable. The statist - - type of modern man - - prefers smashes (my scanner produced "snitches", which is also true! - J.Z., 27.3.03.) produced by state officials to the best gifts of free trade. It was the good functioning of the free exchange market that made importation and exportation balance. (And it revealed, rather fast, most governmental currency depreciations as well. The guilty ones did not want to be found out! - J.Z., 27.1.03.) It was not so, that the balance was "given" and then produced a (relatively) stable foreign exchange market. If bills are not convertible into gold but if the debtor is merely obliged to accept them in his business, as he would accept gold (Milhaud system), then the exchange market would do a still better economic service than it did in 1913.

Dollar scarcity, the word taken in the modern sense, was also observed before 1913, often, and it had the same effect as to-day: imports from the USA ceased. (*) And what was the effect? The USA exporters were so kind as to reduce their prices. That was generally the work of a few hours, since the invention of overseas-telegraphs. And if the USA exporter did not, then there came telegrams from all sides:

"Hello, London! Please accept no offer from New York before you examined our offers."

In the case of wheat there came telegrams from Hungaria, Australia and even from India. And the Dakota farmer said to the exporter in New York:

"You silly horse, couldn't you at once reduce the price for my wheat? You know as well as I do, that I **must** sell, and that the expenses for storage, insurance, etc. are about 8 % p.a. of my production expenses. Now I sit on my crop!

(J.Z.: I feel certain, that in 1913 the US dollar was not considered to be the only possible means of payment to pay for exports from the USA. US exporters knew the free international exchange rates for all the major currencies well enough - and accepted them when they were not currently and rapidly inflated. The current "dollar spleen" regarding international payments did not exist then, as yet. - J.Z., 27.1.03.)

I do hope, that we do understand, in the same sense, the nonsense of taxes on rich people, as they are now levied in England, Germany and other countries. The taxes are so high that - - I think - - and not only I do - - a reduction of the rates will increase the tax yield.

Schulbildung. (Which is a better expression than School education.) If Schulbildung would be better, then people would have conserved the old word "inflation" in its original sense and would have criticised the newspapers which - - with good success - - 30 years ago used the word in a quite new sense, namely, in the sense of "dearness". Now the peoples have no word to express the effect of an over-emission of fiat money. And that is, precisely, what government-inflationists (the word taken in its old sense) do want.

Yours faithfully - signed: U. v. Beckerath.

3.8.1949.

Dear Mr. Meulen,

if Mr. Kerr reads in "Free Banking", page 212:

"Food may be plentiful and cheap but the people too poor to buy", and reads what is said in the previous chapters and after, then he unavoidably ceases to be a Malthusian of the old style and becomes a Meulenist. Send him your book **today!!**

Very faithfully Yours - signed: U. v. Beckerath.

U. v. Beckerath, ...

4. 8. 49.

Dear Mr. Meulen,

with very much pleasure I received your last batch of printed matter:

2 Nos. of "Truth", 1 No. of the "Economist", 1 No. of "National News-Letter", 1 No. of "The Literary Guide". Your contribution "An experiment in controversy" I read again with much interest. One of the English's good luck is, that Goering did not as completely destroy the English libraries as the Allies' air fleets destroyed the German ones (the ones as well as the other were the property of the whole world), so that books like Karl Pearson's "The Grammar of Science" may still be read in England. Here all is burnt, I estimate that more than 4/5th of all German books are destroyed.

You have read in "National News-Letter" of 5 May 1949, that **Dutch** peasants framed a plan by which in 1952 the arable land shall be increased by 22%. They will - - inter alia - - consolidate into single units the widely scattered holdings. I do hope that they will imitate the old Prussian legislation on this point, by which the productivity of Prussian agriculture was very much increased. China and Japan should imitate this legislation as well. Remarkable, that as long as the world stands the insight into their own advantages, the peasants never managed to consolidate their scattered holdings by voluntary arrangements. Always a legislation seems necessary.

(J.Z.: Ha! Here even B. overlooked, I believe, the lawyer and registration costs and taxes that would have been involved even in voluntary transfers of these titles under the existing legislation. Because these costs are so high and the delays involved so long, in some South American countries the people have ignored land titles and squatted

without titles on farm and housing land. As de Soto has pointed out, in at least 2 recent books, they advanced themselves remarkably and in many spheres by various illegal or not yet legalised self-help measures but are still held back by the bureaucracy since, they cannot sell the occupied land, offer it as security or issue mortgages on what they have developed. The simple reason for this is that their possessions have gained no legal standing. They have gained no formal titles. There not even the principle: "Possession is 9/10th of the law!" seems to be recognized. For this reason and, naturally, also monetary and financial despotism and protectionism and xyz other oppressive, obstructionist exploitative and otherwise wrongful laws, a fully free market economy did not develop, although their black market transactions are very extensive. They have not managed to withdraw completely enough from the existing territorial government system and all its imposed wrongs and disadvantages. - - To bring more familiar comparisons from modern times: With the fall of the Nazi regime not all their wrongful laws were repealed. Many were retained for years to decades and are applied still! The same happened after the fall of the Soviet regime. Its laws and bureaucracies, their numerous wrongful, absurd and restrictionist "chains" and "fetters", remained, not least of them central banking. It is not enough to just release e.g. political prisoners and to dissolve the secret police, remove walls, minefields and barbed wire. Therefore, we did not see a rapid economic wonder happening in Russia and the satellite States etc., but continuing poverty, and forms of enslavement. Thus insufficient freedom opportunities fostered dissatisfaction and even putsches, wars, rebellions and terrorism and inflation seems to go on and on. Moreover, all these effects of the remaining centralised dirigism and interventionism are now blamed on "capitalism", "free enterprise", "Free Trade", "free pricing", "free rents", "free wage contracts", "competition", "privatisation", etc., generally, on the "free market", although the realities there do not have much in common with the ideals expressed in these terms. - J.Z., 27.1.03.)

An excellent article in "Truth" of 8.7.49: "A measure of wheat for a penny". What Godfrey Turton says about planning to supply the people is very well said, **but** I miss a proposition on **how** to get rid of the planners. (J.Z.: Rather, how to get out from under their plans! They are welcome to apply them only to themselves! - J.Z., 27.1.03.)

The relevant Arab proverb is: "Not by saying **Honey, Honey**, comes sweetness into your mouth". Turton says: The only way to prevent this and other, abuses, is to restore a free market in corn". Excellent! But, **how** restore it??? Obviously, it is not possible without a kind of revolution. How to perform the revolution?

For Germany and other countries the same problem exists. If I were not a solitarily living, old and despised unemployed, I would collect 7 men (Hitler collected 6 and founded with them the Nationalist Party) and print with them, secretly, posters. Their contents would be:

We - - a secret alliance of a new religion - - proclaim the following doctrines:

- 1.) Every man has the right to be as block-headed as his brain can endure, but he has no right, to impose his stupidity upon others.
- 2.) The Heaven protects and indemnifies every man and every woman, who act against blockheads that impose their stupidities upon their fellow-citizens.

We declare:

- a.) Every price regulation, every exchange regulation, etc., is a sin against reason and against the commonwealth.
- b.) He, who has an opportunity to buy or to sell "black" and does not use it, commits a sin and injures the commonwealth.
- c.) It is the duty of every man or woman that counts himself to be a reason-gifted being, to help "price-sinners", "smugglers" and all people punished by the present tyrannical government for offences against its crazy impositions.
- d.) We declare openly, that we prepare a revolution against the present system of economic slavery and exert ourselves to bring as many people as possible to disobedience against it.
Our religion promises heavenly rewards for everybody, who declares before neighbours, friends or in the streets, that the now governing people are tyrants and all kind of resistance against them in rightful.

Etc.

"No majority has the right to restrict the economic activity of a minority. If it does, then any kind of resistance is the duty of all righteous citizens; it will be well rewarded in Heaven and at last on earth."

Here I differ from Mr. Turton. He wants the majority of taxpayers to decide. This majority has here no more to decide than it has the right to investigate the religion of the minority or its views about Einstein's theory.

"Du passé faisons table rase,

"Foule esclave, debout, debout! - Who will properly translate this for me and others? - J.Z., 27.1.03.)

And if I had posterred a number of the placards, they may put me into prison or decapitate me - - I do not much care for that. Don't take me for a hero, but the differences between a life like that and a prison is not so great and - - as the German saying goes - - "Lieber ein Ende mit Schrecken als Schrecken ohne Ende." (Rather a terrible end than terror without end. - J.Z., 27.1.03.)

But the matter has certainly a metaphysical side. What Christians and Tibetans call the "community of Saints" is not quite without foundation. (From Kant I learnt that the Tibetans call it "Concioa", and that for them it replaces the notion "God".) But what is a "Saint"? For me, the Saints are the revolutionaries of all times, who are sometimes mistaken, sometimes on the right way, and try to reform this Augean Stable, called human society. That the revolutionary spirit comes from nothing in one individual and ends into nothing by its death, c'est ce que l'on voit. But that there is any community among the different individuals in time and space, c'est ce que l'on ne voit pas.

Very faithfully Yours - signed: U. v. Beckerath.

What concerns the book of Karl Pearson, I get a splendid idea: I go to the British Information Centre and tell the very nice lady librarian to procure me the book in some way. I think she will do it.

Bth.

5. 8. 4 9.

U. v. Beckerath, ...

"Free Banking", pages 325 et seq.

(J.Z.: Should a book by an individualist anarchist, free marketeer, free trader, free enterprise man and free banking advocate be so wrongly opinionated and full of wrong ideas? In that respect Henry Meulen had done a bad service to the cause of really free banking and monetary freedom. - J.Z., 28.1.03.)

"... will not result in the expulsion of specie from the country's gold-using banks".

If W. B. Greene would have said expressis verbis what his opinion really was, the thing would have become clearer. His opinion was:

The debtor shall always have the right to pay in specie, but the creditor shall not be entitled to demand specie.

This principle, legal, economic and monetary, is derived from another principle:

Promising to furnish any good, gold or another, at a determined time, without possessing the good at the time of promising, is simply gambling. The probability, that the promise can be fulfilled may be 99 % or more, there is a chance, however small, that the promise cannot be fulfilled, although the debtor is quite willing to fulfil it.

From that principle cannot be derived a competence of a government to prohibit possessing, coining or manufacturing in any way gold, or to buy or to sell it. It would be unjust to compel a creditor to accept coins (apart from the case where coins as a means of payment are excluded by clear words of the debt-agreement) if not the history of all times and peoples would teach us that until now no creditor ever felt himself injured by being paid in such coins, instead of in paper, if the payment was performed as it is usual in trade. (Not at unusual hours, at

unusual spots, etc.) If that would change, e.g. a new religion would come up, prohibiting its adherents to touch gold, it would be unjust to compel these adherents to accept gold.

The above explained principles are realised in the "Four Bills".

"But if the Mutual Bank actually finds favour and gives credit at cheaper rates than the gold-using banks ..."

It may well be, that Mutual Banks give credits at very high rates and, nevertheless, find favour. Until now many y people, quite creditworthy, do not find credit at all, artisans, peasants, etc.

Such people are willing to grant high interest rates. They are the more willing as they know, that in their business the interest rate is of no great importance, compared with other items, such as advertisements, rent, wages, losses by bad customers, etc. Of course, there is a limit, but - - to give an example - - an interest rate of 10 % p.a., on short term credits is, normally, for a peasant, quite trifling, but 100% may be a burden.

"... gold will inevitably travel abroad".

Gold travels to that sphere, where its purchasing power is greatest.

If, in any community, bank notes are at a discount, although the business of the note-issuing bank is good, and if the value of the notes is expressed in weights of gold, then, and inevitably, gold will be exchanged for such notes. Then the purchaser of the notes uses the notes as a means of payment against those, who **must** accept them at par, in the first place - the issuing bank itself and in the second place, the debtors of the bank.

The latter may, for their part, use them as means of payment against the bank. But it is not quite impossible, that there are communities, whose banks work so well and whose citizens are so enlightened, that there never arises a discount for banknotes. It may further be, that in that community all prices are relatively high. Then, probably, the citizens will rarely see a gold coin. But their business is not rendered more difficult by the scarcity of gold, notes will replace gold coins for all commercial purposes.

"Greene proposes to retain the fixed price of gold and to use the metal as a standard of value".

Greene would have protested against such a representation of his idea, so near at hand it may be for the subject of a government which prohibited the use of gold coins in every-day-payments and made paper money a legal tender, so that gold becomes a commodity and its price is normally expressed in paper money. Where gold coins are not prohibited and their circulation is not made artificially difficult, they have no price. On the contrary: Prices and also the value of paper money are expressed in gold coins.

That **bullion** has a price, expressed in gold coins, does not refute the foregoing truth.

"At the same time he admits that the issue of his money must cause an increase in the price of general commodities."

In the abridged Indian edition I could not find the passage where Green expressed this opinion. True is: In a community where means of payment are scarce, there must be a low level of general prices. If, by the issuing of notes this scarcity is removed, then the price level must rise. (To what I would call the "normal" level, i.e., that of a really free local market. - J.Z., 27.1.03.)

Experience teaches that where there is no scarcity of means of payments, production increases much above the stand where scarcity of means of payment rendered it. The effect is then, that the following abundance of products reduces prices and, sometimes (or often) below the stand before the supply with means of payment became sufficient.

In the case of an over-emission of notes, the notes get a discount, but prices - - expressed in gold coins - - remain unchanged.

In the sentence at page 325, beginning with the words: "I would like the adherents ... " is supposed, although not expressis verbis, that paper money at its nominal value is legal tender, and that all prices are expressed in units of the paper money.

Page 326. In **French** legislation the difference between joint stock companies and cooperatives is well defined. The latter are simply: "Sociétés anonymes à capital illimité. That is really the main difference. Why should profits be abolished by cooperatives, in every case? Also, in cooperative banking the profits may be considerable. They are distributed exactly in the way used by joint stock companies, that is, as a percentage of the nominal value of the shares.

It may well happen, that private bankers issue notes so well, that cooperatives are unable to compete with them. If the community has such private bankers, it is to be congratulated. But where such bankers do not exist, people should not be compelled to wait until they are born or educated into the note-issuing business. Let the private bankers and the cooperatives **compete**; that is the right standpoint.

Page 326/327. Passage beginning with the words: "Let me digress ..." Very well said.

Page 327. "Progress demands destroyers of conventions." **Very good.** (Not if they are between volunteers. Only imposed "conventions" etc. are obstacles to progress. Voluntary new ones will be much easier to achieve when the existing conventions still preferred by their voluntary supporters, are respected by "panarchistic" reformers. - J.Z., 27.1.03.)

Page 327, last line: "... in a more perfect individualism".

As **Max Stirner** explained, a well organised cooperative is impossible without realising the principles of a perfect individualism.

Page 328. "The vice of all premature co-operation is (I) ..." Modern cooperatives - - I know it from my own experience in Germany - - do not introduce a fixed wage for service **for the shareholders.** The porter of the cooperative, the women that clean the rooms after working hours, perhaps also the bookkeeper and such people, are simply employees, if they do not take out shares.

II.) "... the consumers continue to purchase at their store, even when inferior goods are sold." - Certainly, they do not in Germany. The effect is that in general the commodities in co-operative stores are of a better quality than in others.

"In Mutual Banking the members bind themselves to accept the bank's notes at par ... " - Here, indeed, is a weak point. The members should be bound to accept the notes for the amount they owe the issuing bank. Perhaps a **little** more may be demanded by the bank, say 10 % or 15 % of the granted credit.

Another thing is that probably many merchants will fix posters at their stores: Here notes or cheques of the XYZ -Mutual Bank are accepted at their nominal value. Merchants will do that simply to increase their turnover. At the minute when they feel distrust against the bank or for other reasons, they remove the posters. But that the bank demands the acceptance of its notes at par, as long as the merchant is indebted to the bank, is just and natural.

It may really be, that W. B. Greene did not see the necessity to limit the obligation to accept the notes at par to the amount credited by the bank. (Or a **little** more.)

(Sometimes inventors or innovators do believe that all members ought to have an unlimited faith in their inventions or systems, even in its flaws, perhaps merely because they are members and their association is called a mutual or a cooperative one. Sound issues and reflux arrangements require a sound technique, knowledge and certainties, sensible rules and not merely misplaced loyalty, faith, confidence or trust. - J.Z., 28.1.03.)

"... that no note, not issued by the State, has a chance of circulating among the working classes unless it be redeemable in gold on demand."

It should be proven, that a promise to redeem notes **on demand**, can be fulfilled in every case. If that cannot be proven, then the promise is a swindle and remains a swindle also if the man, who promises hopes to always get, with the help of heaven, enough gold to redeem the notes.

(J.Z.: The fact that numerous emergency money, scrip and token notes and cheap metal and plastic coins etc., were also accepted like gold or silver coins, without being redeemable in them by the issuers, should also be taken into consideration, instead of being ignored by dogmatic assumptions like Meulen's above one. - J.Z., 28.1.03.)

There may arise very extreme cases - - such as in South America - - where the employer says to the worker: I am unable to pay you in other means of payment than in tickets, acceptable at par in that and that store or stores. If you are not content with that kind of payment - - please try to get another job. In such cases the employer himself is the banker. If there are no other jobs or they are not open to a sufficient number, then the workers will accept the condition.

The next step will then be that the workers say: Let the store or stores be our own consumer cooperative. Probably the employer will consent. The following step will be, that the workers demand: The tickets should be issued by the store (cooperative) (or shop association - J.Z.) and borrowed by the employer. Probably, the employer will consent. The next step will be, that other employers will apply for tickets at the store. The following step will

be that the store establishes a special department for the granting of loans in tickets and transforms it into a proper corporation. Then the Mutual Bank is perfect. At the same time, the difference against a **Free Bank** will be so small (if redeeming in gold on demand is not considered as an essential feature of a Free Bank), that one can say: There is no longer any essential difference, except the legal basis (cooperative in one case and a single entrepreneur in the other). But this, as well, will not be considered to be essential in the future (if there is a future).

Page 328. "... that co-operation shall **prove** its superiority over free competition ...". - Very good! (This is still, and quite wrongly, assuming that the two are, inherently, opposites. (A careless use of the language or popular misunderstandings should not be introduced or maintained in such discussions. An efficient competitor does also cooperate with those consumers, who like his better or cheaper products or better service, as they do with him. - J.Z., 28.1.03.)

Page 328, last line. "... generations of more perfect individualism ..." In Germany the results are already very good. They are so good, that average merchants demand the prohibition of cooperatives, and Hitler was not far from prohibiting them. (Small shop keepers were his most valuable adherents.) But Hitler did another thing. He removed so many employees of the cooperatives that thousands of his adherents could be placed. Before the first world war, state employees and officials were not allowed to become member of cooperatives. The aim was to support the "small" storekeepers, who could not compete with the cooperatives.

Page 329. "... educated in the use of inconvertible bank notes ...". - On the contrary: The use of **convertible** bank notes requires a long and careful training and, nevertheless, experience shows that managers of old style banks, after 30 years of training, fail in commercial crises. The use of tickets, as they are now used in South American mines and were formerly used (about 80 years ago) at Krupp, in Essen, requires honesty and the usual business training, but no more.

Page. 329. "The preliminary abolition of the fixed price of gold ...". - If gold coins are not prohibited, then there exists no fixed price of gold but, on the contrary, a price of paper-means of payment, quoted every day at the exchanges does exist, regardless of whether they are "curb" exchanges or official ones.

Page. 329. "... the banker ... thus will never need to restrict his credit advances on account sudden drains of gold abroad." - If Greene's monetary system is accepted, then nobody can **drain** gold in the old sense of the word. A **drain** is only possible where the creditor is entitled to be paid in gold coins. If the creditor is not so entitled, then a drain is impossible. Possible is an offer of foreign merchants to furnish cheap goods for gold. That does not interest the Mutual Bank.

Page 329. "... banishment of gold from our exchange system ...". - Gold coins should not be banished; they are necessary to ascertain speedily any bad management of note-issuing banks. The free gold coin market (part of the bullion market), discovers in two days what the best committees of experts may, perhaps, **not** discover. Gold coins should neither be banished nor imposed upon debtors as a means of payment.

Page 329. "... a more advanced state of mutual trust ...". - That's right. The degree of mutual trust, as it now occurs in business, is great enough. Mutual Banks need no more. But the use of distrust as a valuable element of banking business, instead of fearing it, as a catastrophic element (which it was until now), that is one of the greatest advances ever made. (Discounts drive notes etc. back to the issuer and his debtors, i.e., they assure the reflux of the notes, while, at the same time, they prevent or greatly reduce new issues, because the potential acceptors would refuse them or accept them only at a growing discount. - J.Z., 28.1.03.)

Page 330. "The one relic of primitive times is that any balance of indebtedness must still be settled in gold ...". Quite right. Abolish the **legal claim** to a quantity of gold and conserve it's **legal tender** quality (still even now not distinguished by "experts") and the evil is removed.

(J.Z.: Later B. did not insist upon legal tender for those able and willing to offer gold in payment. Mostly, in the future, such payments would be gladly accepted. But compulsion for it would not be required. Only issuers would accept gold coins and their own notes, expressed in gold coins or gold weights, at their face value. I can hardly imagine that they would discount gold coins against their own gold-weight-valued notes. In a free gold market gold coins could and would freely circulate upon their merits. The few, who, for ideological or religious reason would outright refuse them, should remain free to do so. But in contracts they should declare so in advance and, perhaps, in their shops they should hang out signs: Gold coins are not accepted here! If they also manage to price out all

their goods and services in other value standards, good luck to them. If at all, then they would harm only those who voluntarily deal with them on these conditions. - J.Z., 28.1.03.

Page 331. "Progress in banking is thus seen to follow the growth of mutual trust." - I think not. The possibility to pay with acknowledgements to owe something, the further possibility to divide such acknowledgements in pieces, equal in denominations to coins, then the discovery that this may be easily performed by banking and the continual spread of this discovery, that was what favoured the progress of banking.

The next step - - by Greene and perhaps by others - - was to distinguish

- 1.) the acknowledgement to **owe**, from
- 2.) the promise to **pay**.

To fulfil No. 1, it is sufficient to sign a document where the debtor declares: After that and that date (or even immediately! - J.Z., 28.1.03), I accept this document at its nominal value in my business. In communities, where clearing is customary, such documents are as good as documents by which the debtor promises to **pay** (any kind of "exclusive currency") and are better insofar as they render debtor, creditor and the community independent of the quantity of local currency.

The matter - - so simple it seems - - is of a very abstract nature. It may be, that also W. B. Greene as well did not have a **full** insight. It may also be, that in his writings, published after "Mutual Banking", he gave more details. Certainly, he had the **head** to discover the principles here needed and also the **heart** (or sense) to detect them. Only a spirit with very much sense for freedom and independence can find the old system of "legal claim" insufficient.

("Les grandes pensées viennent du coeur." - Vauvenargues.)

From books on **Persian** commercial law, I saw that there the distinction between legal **tender** and legal **claim** (stressed by me. - J.Z.) is quite current. A debtor, who owes - - say - - 1,000 tomans, is not bound to deliver silver or gold if it is not expressis verbis agreed. (May be this was changed during the last years. I do not know.)

Interesting is the procedure of German merchants in the Middle Ages, still at the time of the 30 years war. In the charter of the merchants' guild there was stated that no court of the town would accept an action against a member of the guild before all the clearing possibilities at one of the well known fairs (Lyon and others) were tried. In other words: The merchants had a right to pay by clearing. That very important feature of German (and, certainly also other) merchant law escaped the notice of the historians because it was not written on the exchange letters but was merely stated in the charters. (I discovered that the merchants of Leipzig were in this way privileged.) (It's a right rather than a privilege! - J.Z., 28.1.03.)

In modern German commercial law it is said, that a creditor cannot decline to accept payment offered in the **usual** manner, that means, in practice, by clearing.

U. v. Beckerath,
5. 8. 49.
