Today We're All Irish: Debt Serfdom Comes to America

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March 17 is St. Patrick's Day, *when people of all national origins raise a glass and declare, "Today we're all a bit Irish!" This may be truer than we know. The Irish were driven to America by debt, and they are leading the Western world in household debt today. The London Daily Telegraph reported on March 13, 2008 that household debt in Ireland has reached 190 percent of disposable income, the highest in the developed world; and that the Irish banking system is suffering such acute strains from the downturn in the housing market that it may have to nationalize its banks.1 The same may soon be happening in the United States, and for much the same reasons.*

Debt Drives the Irish to America

A short review of the history of the Irish in North America reveals that few were here before 1845, when a disease struck the potato crops of Ireland, wiping out the chief or only source of food for many poor farmers. Famine continued for the next five years, killing over 2.5 million people.

> ***"God put the blight on the potatoes," complained the Irish farmers, "but England put the hunger upon Ireland."***

Farmers who were heavily in debt were shipped to England to pay the rent owed to their landlords. Impoverished Irish immigrants saved what little money they could to send family members across the Atlantic, traveling on overcrowded ships on which many died of disease or hunger on the way. When they arrived, the Irish men had to fight – often physically – to get labor jobs involving long hours and low pay; while the women worked mainly as servants (called "Brigets") to upper-class families. Despite their very low wages, they managed to send a bit of money back to their families, until other family members had enough to buy the ship tickets to America. In the American South (mainly New Orleans), the Irish lived in swamp land infested with disease. Here, Irish men were looked upon as actually *lower* than slaves. As one historian put it, if a plantation owner lost a slave, he lost an investment; if he lost a laborer, he could always get another. Because the Irish workers were plentiful and expendable, they were often sent in to do dangerous jobs for which the slave-owners were reluctant to send their valuable slaves.2

"Debt Slavery" Replaces Physical Slavery

This form of "debt slavery" or "debt peonage" was not just an accidental development of history. It was a deliberately-planned alternative to the slave arrangement in which owners were responsible for the feeding and care of a dependent population, and it is still with us today. Although European financiers were in favor of an American Civil War that would return the United States to its colonial status, they admitted privately that they were not necessarily interested in preserving slavery. They preferred "the European plan": capital could exploit labor by controlling the money supply, while letting the laborers feed themselves. In July 1862, this ploy was revealed in a notorious document called the Hazard Circular, which was circulated by British banking interests among their American banking counterparts. It said:

> Slavery is likely to be abolished by the war power and chattel slavery destroyed. This, I and my European friends are glad of, for slavery is but the owning of labor and carries with it the care of the laborers, while the European plan, led by England, is that capital shall control labor by controlling wages. This can be done by controlling the money. The great debt that capitalists will see to it is made out of the war, must be used as a means to control the volume of money. To accomplish this, the bonds [government debt to the bankers] must be used as a banking basis. . . . It will not do to allow the greenback, as it is called, to circulate as money any length of time, as we cannot control that.3

A system of "debt peonage" is inextricably linked to a banking system in which money is issued privately by bankers and *lent* to the government rather than being issued as "greenbacks" by the government itself Today the "European plan" has evolved into the private central banking system, and it has come to dominate the economies of the world. A private central bank creates money simply by printing it or entering it as an accounting entry, then lends it to the federal government in exchange for government bonds or debt. Private commercial banks create many more dollars in the same way, advancing money created as accounting-entry loans without even incurring the cost of a printing press. Except for coins, the *entire* U.S. money supply is now created as a debt to private bankers.4

Banks create the principal but not the interest necessary to pay back their loans, so more money is always owed back than was put into the money supply in the first place. More loans must therefore continually be taken out to cover the interest, spiraling the economy into increasing levels of debt and inflation, in a futile attempt to repay principal and interest on a debt that is actually impossible to repay. The result is "debt peonage," and it has systematically reduced the people to working for the company store, bound to their corporate masters for the food, shelter and health care formerly provided by slave owners under the old physical-slave system.

The Colonial Alternative: The Pennsylvania System of Benjamin Franklin's Day

This is not the only way to run an economy. Until 1913, when the Federal Reserve Act was passed, the European system of debt peonage competed with what was called "the American system" – debt-free government-issued dollars generated by provincial governments to pay their expenses. This "greenback" system was not actually used in the United States after the American colonies became a nation, except during the Civil War; but the "American system" flourished for decades in colonial America. Paper money was issued by local provincial governments not only to pay their own expenses but as commercial loans. The most effective and efficient of these government-issued money systems was in

Pennsylvania, where a publicly-owned bank issued paper notes and lent them to farmers. Since this money returned to the government, it did not inflate the money supply; and since the government issued and spent an additional sum of money on public works, enough money was kept in the system to pay the interest on the loans and prevent the debt spiral afflicting the private banking system. The Pennsylvania system worked so well that *it completely funded the provincial government without taxes or inflation*.

Benjamin Franklin and others maintained that the chief reason for the American Revolution was that Parliament forbade the colonies from issuing their own money. Paper money issued by the Revolutionary government got the colonists through the Revolutionary War, but the British heavily counterfeited this money as a deliberate war tactic, and by the end of the war it had been inflated so much that it was nearly worthless. Fear of inflation led the Continental Congress to completely omit paper money from the Constitution, which does not say who can issue paper money or under what circumstances. The private banks filled the breach, and by 1913 the United States had the same private central banking system that England had.

Today, the pyramid scheme of lending 10 dollars and requiring 11 back has resulted in the very inflationary spiral the Founding Fathers feared. The money supply is inflated with more and more debt, shrinking the value of the dollars paid to workers and propelling larger and larger portions of the population into debt peonage. If the government were to issue its own money rather than borrowing from banks that issued it, and if this money were used to pay for real goods and services (roads and bridges, sustainable energy development, health services, and the like), demand and supply would remain in balance and inflation would not result. *A government with a properly designed and monitored system of publicly-issued money could fund itself without taxes, inflation or debt*.

Publicly-owned banks are also called “national” banks or “nationalized” banks – the very thing that threatens the private banking system in Ireland today. We have come full circle: a system of national banks is what used to be called “the American system.” *This may be what we actually need – a public banking system operating for the benefit of the public*. The private European system of debt peonage has failed. On this 2008 St. Patrick’s Day, we the modern-day Irish of all persuasions can raise a glass to the possibility of being freed from the debt peonage that has kept us wage-slaves for most of our national history.

Notes

1. “Irish Banks May Need Life-support as Property Prices Crash,” www.telegraph.co.uk (March 13, 2008).

2. “Irish in America,” www.essays.cc.

3.”Hazard Circular,” 1862, quoted in Charles Lindburgh, Banking and Currency and the Money Trust (Washington D.C.: National Capital Press, 1913), page 102.

4.See Ellen Brown, “Dollar Deception: How Banks Secretly Create Money,” www.webofdebt.com (July 3, 2007).

***Ellen Brown,** J.D., developed her research skills as an Attorney practicing civil litigation in Los Angeles. In Web of Debt, her latest book, she turns those skills to an analysis of the Federal Reserve and “the money trust.” She shows how this private cartel has usurped the* *power to create money from the people themselves, and how we the people can get it back. Her eleven books include the bestselling Nature's Pharmacy, co-authored with Dr. Lynne Walker, which has sold 285,000 copies. Her websites are www.webofdebt.com and www.ellenbrown.com.*

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