

Money—Who Issues It? By What Right?

The "Gold Standard"—Is It Fiction or Fact?—People Are Challenging the Money System as Never Before—More About the Ladd Bill

The Leader for February 6 gave a summary of the Ladd money and credit bill now before congress, and the reasons for it. The present article shows what is being done to promote the bill, and gives Senator Ladd's explanation of its need.

GOLD, of which there is a very limited amount in the world, is supposed to be the basis of our money. Gold is a commodity, easily controlled by a small group of financiers. Through control of gold the money trust controls money and credit. The government does not control the gold, and therefore does not control money and credit. The government has given control of gold and thus of money and credit to a private monopoly—the private banking system. The government by law protects this private monopoly, which makes huge profits and fixes the conditions under which agriculture, industry and commerce shall be conducted. This money and credit monopoly has as great power over the people, their well-being, prosperity and happiness, as feudal lords and despots used to have.

Once in a while a man or a group of men who have examined this private monopoly—this control of money and credit through control of gold—challenges the justice of the gold system. Such persons are immediately called "nuts" or "cranks" by the beneficiaries of the present system.

At least two great political parties, of which farmers were the backbone, at different time: in our history have challenged the so-called gold system of money, and once almost overturned it. One of these parties was the Greenback party, organized in 1874; the other was the Populist party, organized in 1891, which, after fusion with the Democratic party, nearly captured the country in 1896. The Democratic party, however, repudiated the money doctrines of the Populists in later campaigns.

We are entering another era in which the gold system and private monopoly of money and credit are being challenged vigorously. The present agricultural and business depression, brought on by the banking system, through its deliberate acts in some instances, and its failure to act in other instances, has again called attention to the weakness of our money and credit system. Men like Ford and Edison have challenged the system, as we reported last week. The National Honest Money association was formed recently at Washington, D. C., to carry on a campaign to restore control of money and credit to the people, through the government. Many state organizations have been formed for the same purpose. And the Ladd money and credit bill has been introduced into congress.

Today movements like this are attacked in exactly the same way as they always have been attacked in the past. The leaders and press of the big financial interests try to make it appear as sacrilege to question the present money system. It is as though we sought to change God's laws, instead of man's. When it is proposed that the government itself issue money, instead of farming the profitable privilege out to others, and when it is proposed that the government issue money with the government's stamp and guarantee, without gold backing, a cry is raised.

SEEK TO DISTRACT PEOPLE BY FALSE SLOGANS

That cry is:

"What? Issue 'fiat' money with nothing back of it? Money is worthless, or nearly so, without gold backing. You must have value back of it. The mere stamp of the government doesn't make money. You would flood the country with cheap and worthless paper. You would wreck business and commerce. You are crazy."

But as a matter of fact all money is 'fiat' money.

Fiat simply means in Latin, "let it be so." All money is money only because we have agreed to let it be money. We have said: "Let it be so." It is therefore money. That is "fiat." The paper bill you have isn't worth a penny in itself. It is only the government's guarantee on it that makes it worth its face value. A silver dollar does not contain anywhere near a dollar's worth of silver.

But, they say, our paper currency is backed by a certain percentage of gold. Yes, but by only a small percentage. By the admission of the defenders of the gold system there is gold backing for only about 66 per cent of the currency now in circulation in this country. By their own admission 34 per cent of the so-called paper money, said to be backed by gold, is not backed by gold at all. In addition the government has in circulation some hundreds of millions of paper "greenbacks," a leave-over from Civil war days. These are purely and simply what opponents of money reform call

in financing the completion of the great Muscle Shoales nitrate project, the government issue its legal tender money to pay the cost, about \$30,000,000. This \$30,000,000 in currency would be backed by a mortgage on the nitrate plant. It would be as valuable as a gold backing—more valuable, because the so-called gold-backed currency has gold back of it to redeem it worth only from 10 to 66 per cent of its value. The proposed Muscle Shoales government money would have FULL value, in a great producing property, back of it.

LADD'S PLAN INCLUDES SYSTEM FOR LOANING TO THE PEOPLE

But such an experiment would "violate the gold standard," and the money trust would "howl." That howl is the only "reason" why the experiment may not be tried.

Ladd's bill provides for practically the same plan, with a people's credit system in connection with it, to relieve agriculture, commerce and industry. Ladd proposes to take away from banks the right to issue money, and to put that function back in the hands of the government. Thus the government would issue and regulate the amount of money, without profit or gain or power being put in the hands of a few men to exploit us.

His bill provides for issuing currency, stamped and guaranteed by the government, protected by law against discount or discrimination in favor of gold. This money would be issued by the government on loans on approved security to farmers, business men, or persons desiring to build homes or start farming. The loans would be secured, therefore, by property—gilt-edge property, to the value of twice to three times the loans. As the loans were paid, the currency issued on them could be retired. Money issued in that way would be secured better than so-called gold-backed money, for it would have twice to three times its face value back of it, while, as we have shown, the so-called gold money is not now, and never was, protected IN FULL by gold.

Such a system would give to business and agriculture loans at cost, and all the loans they needed to carry on their production. A system in connection with the plan, whereby the amount of government currency issued would be regulated by the average price level of commodities, would prevent disastrous, violent rises and falls in prices and consequent upsetting of the economic system. That constantly happens under the present system. The government loans would not carry more than 4 per cent interest, under the Ladd bill. Agriculture is now paying 8 per cent, on the average, and business from 6 to 7 per cent. If the government made any money under this money and credit system, it would go to reduce taxation. Thus all would benefit, instead of only the money trust benefitting.

Every voter or person interested in government and finance should send to the National Honest Money association, postoffice box No. 1911, for a copy of the Ladd bill, his recent speech upon it and other literature that can be had free. For this question is going to be a live one from now on.

Most people do not understand money and credit, or think they don't. It is not such a difficult thing to understand. But if we are to have reform, more people must know the facts. Because the matter is a mystery to most of us, or because we think it is, the bankers' press and big financiers are able to scare a lot of people. When they shout "fiat money" at us, or "debasement of the currency," and denounce persons who have looked into the "mysteries" of their business as "visionaries, nuts and cranks," they in the past have prevented action to break their monopoly. The people have not known

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THE GOVERNMENT POOL IN ACTION



—Drawn expressly for the Leader by John M. Baer.

"fiat" money, with nothing back of them but the government's stamp and guarantee. But that is enough. No one discounts greenbacks, does he? The national bank and federal reserve currency, however, is not backed by gold to the extent of 66 per cent of its value, as claimed by the defenders of the gold system. Senator Ladd says that the amount of gold reserve to protect so-called gold-backed currency is only about 10 per cent in this country, not 66 per cent as alleged by defenders of the gold standard. Other experts also give a much less percentage than 66.

So the gold standard is not what most people imagine it is. It is, practically speaking, a fiction. But it is a potent fiction. It enables the financial insiders to control the country, and with similar trusts in other countries, the world.

Ford and Edison propose a currency backed by PROPERTY instead of gold, and want the United States to issue its own money, instead of farming out the privilege to others who gain power and wealth thereby. They propose, for instance, that