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Money and Politics

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Money, especially credit money, is undoubtedly one of the greatest of cooperative discoveries. Without it no great specialization of labor seems possible, except under an all-inclusive state control of industry, and even here something of its nature would be necessary to maintain a check of and on consumption

Money is inconceivable without at the same time thinking in terms of a standard of value, and, surely, a basis of issue. To say that it is a "pernicious delusion that there must be something in back of money" is to utter an absurdity. Money, being a claim on wealth, must be based on something more substantial than mere promises in order to be sound, stable, or trustworthy. And this something is tangible wealth, i.e., anything of value which is not liable to quick and severe depreciation.

It is also as absurd to think that under a really sane monetary system hoarding is an evil causing hard times as to say that a man who has saved for a rainy day will suffer for it. Hoarding being merely pos[t]poned consumption, there is no warrant in reason in believing that it can fundamentally change either the production or distribution of wealth. When it is understood that the natural limit of credit money is the amount of wealth on which it is based, it is an obvious mistake to think that hoarding can curtail the amount of needed currency as long as there is any unmonetized wealth.

Another "pernicious delusion" is that the "proper increase or withdrawal of currency" can affect its value or "stabilize" it. Money is a promise to pay. If Smith has 1000 bushels of wheat and issues 100 promises each for 1 bushel against it, how can it affect the value of those promises should he issue 100 more? The value can only decrease if he over-issues, i.e., when there is not "something back of (his) money." "Unstability" is a characteristic of a faulty monetary system.

After all, what is the money problem? It is to furnish a sound medium of exchange at a low cost. Interest has been too often proved to be an artificial phenomenon and the main cause of exploitation. It may be caused by two things, an insufficiency of money or the control of its issue in few hands. Today it is caused by both, but principally the latter. The actual labor cost of banking is probably less than one-half of one percent. All charges over this is pure interest, in other words robbery and swindle.

As far as we know, gold, more than anything else, possesses the ideal qualities of a standard of value. It is comparatively stable in value, useful, durable, easily recognizable, uniform in quality, can be subdivided without impairing its value, and has comparatively great value in small quantities. But it makes a very poor basis of issue measured in terms of gold but should have an equal opportunity with gold to serve as a basis for the issue of money.

Today we have the spectacle of those privileged individuals, the owners of gold, thru the Federal Reserve System receiving interest from 8 to 15 times their original capital. When it is understood that money interest is the main cause of business profits, the enormity of this swindle is manifest. It is vital in understanding economic processes to differentiate between the industrial and financial fields. The financial sphere is almost pure leachery. Banking interests are inevitably gobbling up and gaining control of industry.