2007

Liberty

NOT THE DAUGHTER BUT THE MOTHER OF ORDER. PROUDHON

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"For always in thine eyes, O Liberty!
Shines that high light whereby the world is saved;
And though thou slay us, we will trust in thee."
JOHN HAY.

On Picket Duty.

Dana has made a great discovery. "If all the fools," he says, "were taken out of the world, how awfully dull it would be!" Very true; the antics of the fools, especially of the fools with pretensions to wisdom, afford no end of amusement; but surely Dana will agree that the world can spare its rascals, who irritate and injure, but seldom divert. But, if so, what consolation is there for Dana? Unfortunately nobody has ever charged him with belonging to the fools, while but few have hesitated to classify him as a rascal.

Mr. Spencer's health has fortunately permitted him to write his volume on "Professional Institutions," which forms an integral part of his Synthetic Philosophy. The work will appear as a serial in the "Popular Science Monthly" and later in volume form. The introductory chapter is given in the May number of the magazine. The editor states that the successful completion of the series is probable, and that the volume dealing with Industrial Institutions will follow the publication of the present work. This is welcome news to every progressive man.

In an editorial denunciatory of certain "absurd and oppressive Sunday laws," whose very existence "is in violation of the fundamental principles of our system," the New York "World" says: "Yet, whenever an effort is made to secure the repeal of laws which thus prescribe religious observances with which the State has properly nothing to do, it is defeated by the hypocrisy of rural legislators who have themselves no hesitation in playing poker on Sunday and selling their votes on week-days, but who impress their virtue upon their constituents by their official championship of laws for the observance of 'holy time.'" The "World" understands the combination of pocket and piety. Let it continue to impress upon its readers the stuff our legislators are made of. If it does, many of its sins will be forgiven.

There are several anti-trust laws on the statute-books of the nation and the States, but, when the prices of staples are raised by combines, the newspapers, after a good deal of vain and futile shouting, are compelled to fall back on the boycott, — that "hideous foreignism scarcely less vicious than bomb-throwing." They do not expressly mention the term boycott, but the thing is what they recommend, perhaps without knowing it. Do not eat beef until the trusts lower prices, they urge daily upon their readers; "this plan never fails," adds the New York "World." The "World" would hardly take the position that, while it is right for *it* to urge this advice, individuals and societies not in the publishing business cannot legitimately try to induce their neighbors, friends, and patrons to let beef alone as long as prices are exorbitant. Yet this is the boycott, the use of which the "World" and the majority of its contemporaries would deny to labor organizations. Verily, consistency is rare, but intelligence is rarer still.

Has there come a reaction against the tender solicitude and constant anxiety of the wise English parliament about the welfare of the working-women? So much has been done to protect women by restricting their opportunities that a body known as the Society for the Employment of Women has petitioned parliament to omit certain sections, designed to shield women, from a pending factory bill, on the ground that they enormously restrict the freedom of adult female workers to dispose of their labor. A State Socialist organ in New York tells us that there are no working-women in this society which assumes to speak for them, but it is probable that its wish is father to the thought. It assures us that it has made an "investigation," but this may simply mean that it has applied for information to its office-boy. Still, whether there are working-women in the society or not, the fact that any influential body is petitioning *against* so-called labor legislation is a significant sign of the times.

Some smart reviewers profess to find in Grant Allen's "The Woman Who Did" a powerful plea and vindication of marriage instead of the crushing blow which he intended to strike, and describe the book as a boomerang. These simple souls imagine that, just as in the good old times all marriages were made happy by novelists, believers in free unions can popularize their new ideas by making the free lovers happy forever. And because Mr. Allen's heroine is driven to suicide by the stupidity, cruelty, and hypocrisy of the world, the pious reviewers triumphantly shout that the author unconsciously blessed the very thing he had come to curse. This plainly assumes that the worth of a thing or idea is to be judged by its immediate results without reference to surrounding circumstances. Herminia did not marry; she deliberately defied convention; she ended by committing suicide: ergo, free love is a failure, and marriage a necessity. Well, let us apply this method to certain historical events. Jesus defied authority and proclaimed new ideas; he was crucified: ergo, Christianity is an absurdity, and all Christians ought to return to Judaism. John Brown made war upon slavery; he was hanged: ergo, slavery is a fine institution, and it is wicked and foolish to abolish it. Herminia's suicide may prove a hundred different things; the one thing it does not prove is the superiority of marriage to freedom in sexual relations. Similarly, there are a thousand ways of demonstrating the childishness of Christianity, but the fate of Jesus is not one of them. If anything, the tragic fate of an innovator tends rather to strengthen his title to our admiration and affection.

The alleged adherents of democratic government continue to supply evidence that democracy is satisfactory to them only so long as the burdens are thrown on others. Godkin would "do a lot of hanging," if a democratic government should attempt to expropriate him under due forms of law, and those subject to the income tax are urged to resist the law and refuse to make any payment. To justify this advice, the Chicago "Times-Herald" says: "'You cannot indict a nation,' declared Edmund Burke. The American nation will not pay an income tax except as a war measure, and, when a nation refuses to pay a tax, it cannot be collected. The supreme court of the United States has already furnished the nation with sufficient reason for not paying a tax which is laid exclusively upon labor, which, under it and State taxation, is doubly burdened." There would be some force in this if the whole nation were subject to the tax and the decision to disobey were unanimous. But the majority of the people are exempt under the provision relieving those having incomes below $4,000, and only a small minority are sought to be taxed. It is, then, a question of a minority refusing to obey a law duly passed by a democratic government and having all the sanction and glamor and sacredness usually attached by our law-and-order friends to acts of such a government. If they refuse to obey, the federal militia and the whole force of the government can be employed to coerce them into submission. They do not like this law and order, but they must be made to take their own medicine. It is generally impracticable to jail even so small a minority as that on which the income tax falls. But this case is exceptional. The majority, which is already supporting this minority out of jail, would even make a saving by supporting it in jail. Nothing, however, would more delight the Anarchists than to see the minority succeed in resisting this tax by actual refusal to pay. It would set such a beautiful precedent.

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"In abolishing rent and interest, the last vestiges of old-time slavery, the Revolution abolishes at one stroke the sword of the executioner, the seal of the magistrate, the club of the policeman, the gauge of the exciseman, the erasing-knife of the department clerk, all those insignia of Politics, which young Liberty grinds beneath her heel." — PROUDHON.

☞ The appearance in the editorial column of articles over other signatures than the editor's initial indicates that the editor approves their central purpose and general tenor, though he does not hold himself responsible for every phrase or word. But the appearance in other parts of the paper of articles by the same or other writers by no means indicates that he disapproves them in any respect, such disposition of them being governed largely by motives of convenience.

The Revolutionary Microbe.

Have the readers been struck by the readiness of the great newspapers to attribute the lame and impotent decision on the income tax to the anxiety of the court to shield wealth and privilege? Right and left have insinuations been made that the supreme court is controlled by the plutocracy, and that, while it lacked the courage to go to the full length of annulling the obnoxious law, it did the next best thing for the plutocrats in exempting land and public bonds, thereby allowing the big game to escape. This is a very significant fact, and proves, among other things, that our newspaper friends are being liberalized and humanized in spite of themselves. The spirit of the age is irresistible. Those who are generally offensively ready to parade their devotion to the present order of things are among the angriest denouncers of the court which has taken the landlords under its wing. We hear a good deal from them about "monopoly," "unearned increment," "unproductive classes," etc. Why, all this is rank heresy, revolutionary and dangerous talk! Can't these lovers of "law and order" see the pernicious effect of such loose, unguarded utterances on the mass of the people? Perhaps they do, but the still, small voice of justice makes itself heard through them at times when reformers are out of sight and hearing and *de*-formers are guilty of some particularly outrageous and high-handed wrong.

Yes, to those who read the signs of the times it is clear that many, not to say most, of those who believe themselves to be stanch supporters of the old order have really ceased to sympathize with the old view of things and are divided against themselves. They are not frankly modern; no, they still, as a matter of habit, or duty, deride and abuse the new; but, when left alone with the survivals of the old, they make wry faces and are profoundly disgusted without knowing exactly why. The poison of modernity has entered their soul; the microbe of the revolution is working in them. This is true of politics, of literature, of art, and of everything else. The reformers who complain that we are standing still, that nothing is being accomplished, are short-sighted. All roads lead to Rome, and it seems that all influences are making for the new order of things. The real conservative is a curiosity, and his appearance is greeted with jeers and hooting from every direction. What the world needs is an increase in the number of clear-headed, consistent, logical champions of the new and critics of the old. V. Y.

The Crusade Against Gambling.

We have had a number of crusades against different forms of vice, and not one of them has ended in anything save notoriety (some fancy it is glory and true fame, no doubt) to the leading crusaders. But perhaps the most remarkable crusade of all is that which has broken out in many States against gambling in its wide and comprehensive sense. Of course, the lower forms of this "vice" have been under the ban of the moral reformers from time immemorial, but the species of gambling carried on, not in the low dens, but in the exchanges and business offices generally, have not until lately arrested the attention of the ubiquitous reformers, who have a marvellous capacity for camel-swallowing after straining at gnats. But at last the awakening came. The reformers somehow discovered that it was futile to fight the small fry of the dens, while allowing the big game to escape, and turned their attention to commercial forms of gambling. The new constitution of New York now contains a provision that "no lottery, nor any sale of lottery tickets, nor pool-selling, nor book-making, nor any other kind of gambling, shall be authorized or allowed in the State." Whether the courts would construe this to embrace commercial gambling is not absolutely certain, but a precedent for such a judicial view has recently been established by Judge Tuley, of Chicago, who very logically held that dealing in stocks on margins is gambling pure and simple, and that contracts entered into with a view to such transactions are as void in law as any other gambling contracts. The press, in commenting on this decision, correctly pointed out that, if sustained by the highest courts, it will abolish the whole stock-brokerage business and suppress most of our commercial exchanges.

Mr. John Bigelow, in an article in "Harper's Magazine," recently discussed this entire subject in an unusually philosophical manner. The new provision in the New York constitution he found to be "extraordinary," and without any precedent in the organic law of this or any other country. Without venturing to account for the zeal and moral enthusiasm of the revisers of the constitution, Mr. Bigelow tells them that "never before was so large a proportion of the fruits of human industry suspended upon a propitiation of the heathen goddess of Fortune," and that "there is scarcely any form or product of human skill or toil which does not at some time or in some way contribute to the making or the marring of the fortunes of the gamesters." Mr. Bigelow's own conclusion is that not all gaming is immoral, and that the line which divides moral from immoral gaming is known only to the "searcher of hearts." He would treat gambling as a moral rather than as a political disorder, and would bring moral rather than physical influences to bear upon its less gross forms.

Clearly this is simply a plea for the *status quo*. Perceiving the utter impracticability of laws against commercial gambling, Mr. Bigelow opposes the extension of the legal interdict beyond the old limits. He does not protest against interference with lotteries, faro-rooms, and race-course gambling, for but few voices are ever raised to defend these "disreputable" institutions; what he deems to be unwise is a vague prohibition of "all other kinds" of gambling. The logical thinker, however, the man who is guided by a principle, will welcome the resolve of the legislator to deal impartially and consistently with all forms of this hunted vice. If we are to have legal suppression of vice, respectable forms of it should not be granted immunity; and if we are to have freedom for vice, the alleged low or vile strata should share the benefits of this freedom.

To what lengths hypocritical respectability can go in this matter of discrimination against "low forms" of vice is illustrated by a bill under consideration in Massachusetts, which proposes to punish persons dealing in "wagering contests concerning securities." The Boston "Herald" discloses the true inwardness of the measure in the following adverse editorial:

> The "bucket shops," against which the proposed legislation is mainly directed, are discredited to quite a degree because of the character of their constituency, formed as this is of those who are not prepared to purchase or sell thousands of shares upon margins, but have to content themselves with speculative operations which involve the purchase or sale of one, two, five, or ten shares. It is absurd to assert that the great speculator, the one who operates boldly and broadly, who has his margins up on thousands of shares of different stocks, is an estimable individual; that the business that he is carrying on is one conducive to public good; that the brokers that he deals with are men engaged in an occupation that should receive encouragement from the State; while, on the other hand, the man whose means makes it necessary for him to limit his operations to five or ten shares is a thoroughly unworthy individual, and those who afford him any opportunity to speculate are disreputable persons, whose business should be interdicted by statute. There is no line to be drawn between these two classes on the score of morals, and, until public opinion condemns, censures, and, by withholding all form of social or personal recognition, prevents speculation on a large scale, it is hardly called for to attempt to interdict it by legal penalties when practised on a small scale. In the matter of classification, it might be said that, while petty larceny and burglary or highway robbery would both grade under the head of crime, a law which punished the former while ignoring the latter would hardly be an equitable legal provision.

The "Herald" manifestly realizes the impossibility of suppressing the more respectable forms of speculation by law, for it significantly speaks of applying to them the passive weapon of boycotting. Its protest against the cowardly attack on the bucket shops is sound, but why does it stop at this point, instead of proceeding to demand the cessation of the actual interference with the patrons of the lotteries and faro-dens, etc.? Its argument applies to their case with equal force, and there is no reason why they should be singled out for persecution, except their unpopularity in a community composed mostly of hypocrites and cowards.

The New York "Evening Post" is unable to agree with those who place stock exchanges and policy shops on the same footing. It argues that it is perfectly equitable to refrain from suppressing stock exchanges because a good deal of "perfectly legitimate business" is also transacted there, while in the "dens" of the "low" gamblers no legitimate business at all is done. This argument, however, does not disprove the propriety of *regulating* the exchanges and outlawing the illegitimate part of the business done there. There are various indirect ways in which gambling at the exchanges could be reached without affecting the interest of "legitimate" business, and the anti-gambling crusaders cannot be excused from persisting in attempts to so reach them.

Some good generally accompanies these absurd crusades against vice. The more active and clamorous the crusaders are, the greater the opportunity of the average man to find out the futility of their efforts and the lame inconsistency of their theoretical position. The fact that the "waves" and revivals and spasms end in smoke cannot fail to impress at least a small portion of the thinking minority which is still densely ignorant of the meaning of invasion and the proper limits of public regulation. Some may discover that all gambling, respectable or low, is perfectly "legitimate," and then perhaps a crusade will be started against the present moral meddlers and crusaders.

V. Y.

Proudhon and the Standard of Value.

I am in receipt of the following letter from Mr. Yarros:

Dear Tucker:

A propos of your criticisms upon Mr. Kitson's book on the money question, a friend writes me expressing his astonishment that you should assail so bitterly views which are backed by the very man you hold, and have always held, to be the greatest authority on finance, — Proudhon. In other words, the ideas which you ridicule and denounce as puerile and heretical are claimed by my correspondent to constitute the quintessence of Proudhonian economics and his chief title to distinction. In support of this claim, my friend calls my attention to the following passages from Proudhon's writings:

"It is this idea that has been followed in such an opinionated fashion by Law, Ricardo, and all the economists who have tried to solve the problem of circulation and credit, but who, always taking metal as a standard of value, seeking their security now in specie, now in the capital of exploitation, basing by turns upon the soil and upon the State, have succeeded only in reproducing, in forms more or less disguised, the idea of *papier-monnaie*, — in short, the *assignat*, — and in organizing bankruptcy."

"It is necessary, then, to destroy also this royalty of gold; it is necessary to republicanize specie by making each product of labor current money. Let no one take fright in advance. I do not intend to reproduce in a rejuvenated form the old ideas of *papier-monnaie, monnaie de papier, assignats*, bank-bills, etc., etc., — all those palliatives so long known, tried, and decried. These representations upon paper, by which they expect to fill the place of the absent god, are, all of them, only an homage rendered to metal, a worship of metal, ever present in thought, ever taken as a common measure of the value of products."

"It is precisely this promise of final conversion into specie that lends risk in general to the bill of exchange; so that the idea of coin money comes, like a corrupting royalty, to further infect it and deprive it of its certainty. Now, the entire problem of circulation consists in generalizing the bill of exchange, — that is, in making it an anonymous title, perpetually exchangeable, and redeemable at sight, but only in merchandise and service."

"Provisionally, and as a measure of transition, coined gold and silver will be received in exchange for the Bank's paper at their face value."

As my studies of Proudhon have not been as extensive as yours, and as you are responsible for the new issue thus raised, — Proudhon's attitude toward the question of the need and practicability of a commodity standard, — I place the matter in your hands to deal with in any way you choose. I don't care to assume the responsibility of interpreting Proudhon.

Sincerely, V. Y.

In printing and answering this letter my only purpose is to oblige Mr. Yarros, who has so often and in so many ways obliged me. I do it because Mr. Yarros requests it.

For really I do not consider the question thus raised of very great importance. However momentous the standard-of-value question may be in itself, it is of very little consequence on which side of it any given writer stands, unless, first, he takes his position so clearly and unmistakably that those who read him most attentively can agree, at least broadly, as to what his position is, and, second, brings arguments to bear in support of his position sufficiently weighty, and sufficiently different from the arguments adduced by others, to exercise an influence where other arguments have failed to induce agreement.

I do not accept Proudhon or any one else as a financial authority beyond question. There is more than one important point in his banking plan to which I cannot give assent. Proudhon has made a signal and a revolutionary contribution to economic science by his overpowering demonstration that the chief hope of labor lies in the power of monetization of all its products, — a power now allowed only to one or two of them. For this he has my lasting gratitude and honor, but not my worship. I grant him no infallibility, and I reserve my right to differ when his declarations do not commend themselves to my reason. On the matter now at issue his works do not throw much light. In his numerous volumes of financial writings references to the standard-of-value question are casual, incidental, and rare. Even if they were clearly against the standard-of-value theory, they would call for little attention or opposition from me, because they are inconspicuous, because they are assertions rather than arguments, and because they are not basic in his financial plan. With Mr. Kitson it is different. He places his opposition to a standard of value at the very foundation of his theory, he pretends that it is basic, and he even declares that with a standard of value the free-money theory becomes ridiculous. It is necessary, therefore, to attack him in a way in which it would not be necessary to attack Proudhon, even could it be shown that the latter's references to a standard of value are clearly antagonistic to it. But, were it necessary to attack Proudhon, I should not hesitate to do so. I have no gods.

But now to the merits. I claim that Proudhon acknowledged the necessity of a standard of value; that the passages cited from his writings in Mr. Yarros's letter are not clearly and conclusively against the theory of a standard, but are capable of another explanation; that one or two other passages can be cited which are so clearly in favor of the theory of a standard as to exclude any other explanation; and that — most important of all — a standard of value is adopted both in his Bank of Exchange and his Bank of the People.

Let us examine first the quotations that appear above, — four in number. The first, which speaks of Law, Ricardo, and the economists as "always taking metal as a standard of value," does not thereby antagonize the theory of a standard of value. The most that can be gathered from it is a hint that Proudhon considered that, when all values should be "constituted," to use his phrase, perhaps a better standard than metal might be found. It is fair to presume that, if he had been opposed to a standard, he would have said "always taking a standard of value." The phrase actually used implies opposition to metal rather than opposition to a standard.

The proposal, in the second quotation, to destroy the royalty of gold and to republicanize specie by making each product of labor current money does not necessarily mean anything more than an intention to strip specie of its exclusive privilege as a *basis of currency* and to give each product of labor the liberty of representation in the currency. In fact, Liberty and the free-money advocates who believe in a standard have always been in the habit of using these phrases from Proudhon to express exactly that idea. The concluding portion of the second quotation obviously refers to paper *based* upon metal and not simply expressed in terms of metal; and its language, like the language of the first quotation, implies opposition to metal rather than to a standard.

The third quotation simply establishes the undisputed point that Proudhon did not believe in a currency redeemable in specie. This is an entirely separate question from that of the necessity of a standard of value. It is perfectly possible, theoretically, for a bank to issue currency on an understanding that its members are pledged to receive it in lieu of a definite quantity of a definite commodity, without any promise or intention on the part of the bank to redeem it in the said commodity or in any other commodity. True, I do not think that such a currency is practicable; that is to say, I do not think that, the world being what it is, such a currency would circulate. This is one of the important points, already referred to by me, on which I disagree with Proudhon. But it in no way concerns the standard-of-value problem.

A greater stumbling-block is the fourth quotation. I do not pretend to know the thought that lay in Proudhon's mind when he wrote it. But I do know that he could not have intended to exclude the idea of the necessity of a standard, for this is proved by the sentence immediately preceding it, — a sentence which Mr. Yarros's correspondent could not have understood, since, if he had understood it, honesty would have forbidden him to omit it. Here it is: "Each subscriber [to the Bank] binds himself to receive in every payment, from any person whomsoever, and at par, the paper of the Bank of Exchange." *At par*, mind you. At par with what, if you please? Evidently at par with some chosen standard; and, no other standard being specified, evidently at par with the ordinary specie standard. In the absence of a standard of value, to talk of any currency as receivable at par is to use a nonsensical phrase.

So much for the passages cited. It may be said of them, as it may be said with truth of many other passages in Proudhon's writings on many other subjects, that it is to be regretted that they are not more explicit. But it cannot be truthfully said of them that they establish Proudhon's opposition to the adoption of a standard of value.

Look now at the evidence on the other side.

First of all, there is the passage which I have cited in the last paragraph but one. As I have pointed out, the words "at par" absolutely necessitate a standard of value, and exclude any other explanation. *This is sufficient in itself.* Even if a passage were to be discovered indisputably denying the necessity of a standard, it would prove only that Proudhon had flatly contradicted himself.

But this is not all. In the chapter on value in the "Contradictions" these words occur: "In geometry the point of comparison is extent, and the unit of measure is now the division of the circle into three hundred and sixty parts, now the circumference of the terrestrial globe, now the average dimension of the human arm, hand, thumb, or foot. In economic science, we have said after Adam Smith, the point of view from which all values are compared is labor; as for the unit of measure, that adopted in France is the FRANC." The small capitals here are Proudhon's own. Now, a franc, like a dollar, is a definite quantity of a definite commodity, — four and one-half grammes of silver alloyed with half a gramme of copper, — and any one who will read this passage carefully, and especially in connection with its several pages of context, will see that the author means to point out a precise analogy between the adoption of a definite amount of extension embodied in a material object as a standard of length, and the adoption of a definite quantity of labor embodied in a definite commodity as a standard of value; yet it is this very analogy which the opponents of a standard deny and attempt to ridicule. This passage also is conclusive; it excludes any other interpretation.

Above all, however, and finally disposing of the subject, are the provisions contained in the constitutions of the Bank of Exchange and the Bank of the People. No note was to be issued by the former for any sum less than twenty francs (four dollars), and it was specified in Article 18 that the Bank would make change in coin. This is unintelligible except on the hypothesis that a franc in the Bank's paper was to be kept at par with a silver franc. For, if the silver franc were worth more than the paper franc, it would be ridiculous for the Bank to pay out a silver franc when it owed only a paper franc; and, if the silver franc were worth less, it would be equally ridiculous to suppose that any one would take it from the Bank in lieu of a paper franc. Again, in Article 21 of the act incorporating the Bank of the People, we find this: "Every producer or merchant adhering to the Bank of the People binds himself to deliver to the other adherents, at a reduced price, the articles which he manufactures or offers for sale." At a price reduced from what? The phrase can mean only that the merchant agrees to put a premium on the Bank's paper. Now, a premium implies a standard. More conclusive still, if possible, is Article 24, which says: "All consumers, whether associated or not, who desire to profit by the low prices guaranteed by the producers adhering to the Bank of the People will turn over to the Bank the coin intended for their purchases and will receive an equal sum in the Bank's paper." That is to say, Proudhon's Bank was to issue its notes against coined gold and silver among other things, *franc for franc.* Need more be said?

Besides this direct evidence there are circumstantial considerations of much force. One of these is that a thinker like Proudhon, writing many volumes on finance with the intent of revolutionizing it, — of making the sun rise in the west instead of in the east, as he once expressed it, — would unquestionably have argued at great length the standard-of-value question, if he had dreamed of denying for a moment the current view that money is an impossibility without a standard. But the fact is that he said very little about the question, and in the little that he did say, instead of always taking pains to make his language clear and unmistakable, sometimes expressed himself carelessly, as one is apt to do when speaking upon a matter where he does not fear misinterpretation.

A second telling circumstance is that Colonel William B. Greene, a disciple of Proudhon who enjoyed with him for years in Paris a personal acquaintance and a considerable intimacy, did not, when noting in his "Mutual Banking" certain points of difference between Proudhon's plan and his own, even hint at any difference regarding the necessity of a standard of value, although Colonel Greene himself, who saw the importance of a clear position on this matter, treated the question at some length in another part of his pamphlet. There can be little doubt that, if there had been any difference between them on this point, Colonel Greene would have alluded to it either in "Mutual Banking" or in his later writings on finance. It is further significant that in the many conversations regarding Proudhon and regarding finance which I have had with Colonel Greene, he never signified in the remotest way that Proudhon rejected the standard-of-value theory.*

Believing that it has cleared Proudhon of the charge that he entertained the Kitsonian absurdity, the defence rests, and awaits the plaintiff's rebuttal. I hope no one will suspect Mr. Yarros of being the plaintiff's attorney. He is not. It is simply as a juror that he makes his request for information. T.

Where Wright is Wrong.

The article on "Banking and the State" printed in this number of Liberty is a timely and, in the main, most excellent contribution to the currency question. Its author, Mr. A. W. Wright of Chicago, is a well-known business man, and was formerly one of the largest, shrewdest, and most daring operators on the Chicago board of trade. He is a member of the Iroquois Club, in which so much discord has lately arisen in consequence of the silver issue. In the meeting of the club recently held to take action on this question Mr. Wright introduced a resolution favoring action in line with the sentiments expressed in the paper now printed, and this resolution, much to my surprise, received a score of votes.

But, strong as Mr. Wright's argument for financial liberty is, I am unable to endorse all the positions taken. One, for instance, which he declares "of the greatest importance," I consider of no importance at all, — namely, the declaration that "paper money must always be subject to immediate redemption." The sole reason assigned is that nothing but public confidence can make paper money possible. Grant it. But it remains to be proved that immediate redemption is essential to public confidence. It is, of course, true that *certainty* of *ultimate* redemption is such an essential. But this is the most that can be claimed. A run on a bank of issue is caused by the fear of the note-holders that the notes will *never* be redeemed, and not because they desire them redeemed at once. On the contrary, if they felt sure of ultimate redemption, and felt sure that other people felt equally sure, they would go precisely contrary to their desire in presenting the notes for immediate redemption, for they are in need of the money for actual monetary use and in this respect find solvent paper preferable to gold. The pledge of immediate redemption, far from being essential to the usefulness of paper money, is one of the two things that in the past have done most to cripple it (the other being the restriction of its basis to one or two forms of wealth). Paper money, to attain its highest usefulness, must be issued in the form of notes either maturing at a definite date or else redeemable within a certain period following demand. There would be no lack of confidence in such money, if issued against specific and good security and under a system of banking furnishing all known means of safeguarding and informing the public. Mr. Wright's mistake probably arises from adherence to the old notion that a bank of issue needs capital of its own, and that this capital constitutes the security of the note-holders. The real fact is that the security and all the needful capital is that which the borrowers themselves furnish. There is no *special* reason why the State should not do a banking business, but only those *general* reasons which make it improper for the State to undertake any business. The fact that it has nothing of its own is no bar, for it is in the very essence of money-issuing that it is done on other people's property.

When banks cease promising to pay on demand, it will no longer be possible to precipitate a panic by cornering gold. But as long as demand notes alone are issued, banks will have to keep large quantities of coin in their vaults, and there will be a constant effort on the part of speculators to gain control of specie, success in which will cause a run on the banks and a general lack of confidence. The true way to maintain confidence is to refrain from making promises that cannot be kept. The fact that less than half the gold is coined proves nothing. Gold has other than monetary uses. It is needed in the arts; and in the worst panics, when money is so scarce that business men will pay enormous prices for it, but little of the uncoined gold finds its way into the market. The pressure upon the rich in times of panic is never great enough to cause them to melt their jewelry, carry their watch-cases to the mint, or have the fillings extracted from their own teeth and those of their dead ancestors to be turned into coin. To induce such a result money would have to command a much higher price than it ever does. And yet the high price of money proves its scarcity.

Mr. Wright further errs, it seems to me, in saying that "banks should be permitted to issue paper money equal to their unimpaired capital," implying thereby that they should not be permitted to issue more than this amount. This would be a virtual prohibition

* What a pity that Colonel Greene is not alive to bear testimony in person!

of mutual banks, which do not profess to have any capital and claim to need none. As Colonel Greene has pointed out, banks serve simply as clearing-houses for their customers' business paper running to maturity, and no more need capital than does the central clearing-house which serves them in the same way. By what right does Mr. Wright pretend to say how many notes a bank shall issue to people who are willing to receive them? I ask him in his own words: Must the State afford holders of bank paper protection that is denied to holders of individual notes? "Can a note of issue justly be held more sacred than other promises to pay?" In putting a limit to paper issues Mr. Wright violates his principle of liberty in finance. And he does so again when he insists on unlimited liability. To deny the right of two parties to contract on a basis of limited liability is to abridge the freedom of contract. If unlimited liability is a better arrangement, those banks which offer it will survive, while the others will go down. Trust more to liberty, Mr. Wright, and less to law.

Erroneous also is the statement that "bills of issue should be a first lien upon the assets of the bank." But this I have no need to discuss, for I have received a letter from Mr. Wright in which he says that he has changed his opinion. I am convinced that further reflection will show him that prohibition of other than demand notes, restrictions upon the amount of issue, and invalidation of contracts specifying limited liability are, equally with his "first-lien" privilege, unwarrantable invasions of individual and associative liberty, and, as such, entirely at variance with the great doctrine of which his essay is, in the main, so excellent an exposition.

T.

Anarchist Letter-Writing Corps.

The Secretary wants every reader of Liberty to send in his name for enrolment. Those who do so thereby pledge themselves to write, when possible, a letter every fortnight, on Anarchism or kindred subjects, to the "target" assigned in Liberty for that fortnight, and to notify the secretary promptly in case of any failure to write to a target (which it is hoped will not often occur), or in case of temporary or permanent withdrawal from the work of the Corps. All, whether members or not, are asked to lose no opportunity of informing the secretary of suitable targets. Address, Stephen T. Byington, care of Liberty, Box 1312, New York City.

Please note change of secretary's address.

I have a letter from Comrade Cohen, written twenty-nine days after his name was first published as a target, and telling what letters he has received within that month. There are four from four members of the Corps, and four from outsiders. Of the latter, three come from one man, whose name was before known to me as one of the group who publish the "Firebrand," the new Anarchist-Communist organ in Portland, Ore. His three letters — the first on money, the second on compulsory education, the third on the sweating system and land monopoly — are without doubt good Anarchist doctrine, or Cohen never would have accepted them. For it was Cohen who complained at first because I made the conditions of membership so broad as possibly to let in those who are not plumb-line Anarchists.

Well, if a Communist will help our propaganda at that rate with letters expressing a sound enough Anarchism to stand the test of Cohen's plumb line, while only one other reader of Liberty has sent Cohen any letter that was not required by regular Corps duty, and several members of the Corps are delinquent without having sent me the notice required by the condition of membership, then I say that the Communist is a much better Anarchist, judged by the practical test of the work he is doing, than a great many of those who would look down on him as unscientific. I am certainly much better suited with his help than with that of the man who writes me that he would join the Corps if he was smart enough, but he isn't — and so he does nothing. Jesus must have had his temper a good deal tried before he fired off that parable about the man who hid his capital instead of investing it, because he had so little, and was turned out of the feast in consequence. It was a most reasonable thing to turn him out, since he had not even made an effort toward helping to bear the expense of the feast.

And yet there is good stuff in some of these men who think they can't do anything. There was one who gave his name when the Corps was first organized, but didn't write letters because he thought his letters would be of no use. Since our first agitation about regularity of writing he has been a steady worker, sees his letters frequently printed, and copied or noticed in other papers into the bargain, and, besides doing his regular Corps work, keeps up the discussion in a paper which was lately his target. Cohen, after reading one of his letters, names him to me as a sample of the sort of men we might ask to write a regular series of letters to some labor paper, so as to take its readers through a steady course of Anarchistic education. He is a plain man, doesn't try to hide his plainness behind big words as some do, and so is a successful writer. Six months ago he thought it would make no difference whether he wrote or not. If some of these men who now say, "My writing would be of no use," were willing to try, they might easily do as well; for there is nothing wonderful about this man's record; it is simply the ordinary success of a steady worker.

The "Voice" has printed another of our letters on money.

Target, section A. — The editor of the "Labor Leader," Boston, Mass., writes, "Should like some concise letters on mutual banking from your corps."

Section B. — "The Leader," Pittsburg, Pa., published as supplement to its issue of Sunday, April 28, a novel called "The Red Queen." In this story a "model town," where all business is done by voluntary coöperation, is founded and is brilliantly successful. Monopolists plot to buy up its stock in order to get rid of its competition, and Anarchists in order to establish Anarchy there and exhibit its success. The Anarchists help the monopolists and encourage the lowering of wages in order to make the workers discontented enough to revolt. At last, having induced the leading monopolist to bequeath his stock to a fascinating woman, the Anarchists raise a mob, murder him, and get full control. The town continues to make money, but the Anarchist leaders have quarreled, and those who hold the stock plan to sell out to monopolists and fly. They are detected (by the help of police spies) and murdered by their comrades. Then the police take control, the remaining Anarchist leaders fall in one way or another, and the play is over. The conclusion is that coöperation is the right way, but a mere local and voluntary coöperation cannot resist the disintegrating forces of our society; therefore we must coöperate through the government. There are among the characters "conservative" Anarchists who advocate education, and "radical" Anarchists who advocate violence; but the "conservatives" practically help the "radicals," till they at last turn traitors and are destroyed by these.

The advance announcement of its publication said: "The model town enjoys and suffers successively the advantages and disadvantages of three distinct conditions or governments, — *viz.*, coöperation, trust-combine, anarchy. . . . The 'Leader,' ever alive to the interest of its readers, invites discussion on the views and deductions reached by the author of 'The Red Queen,' trusting that by throwing our columns open to the thinkers of all classes valuable contributions to the literature treating on the vital question of labor and capital will be adduced."

Point out that the use of violence to get other people's property is not an Anarchistic proceeding; that the author nowhere tells, or even hints, what economic advantages his Anarchists expect to get from the establishment of their *régime*, and so, of course, cannot show whether their expectations are fulfilled or not; that the actual economic aims of Anarchism refer mainly to conditions produced by national and State legislation, and could not even on paper be reached by the mere local overthrow of authority in a single town, unless it could make itself virtually independent of the national government; that, with all these faults, the Anarchists of the story fail, not because of any fault shown to exist in their social order, but because of the treacherous personal character of their leader, who is guilty of at least two first-class treasons in love and three in business in the ten chapters of the story; or anything else you like. Show what the actual practical and definite aims of Anarchism are.

Section C. — Henry Cohen, 1239 Welton St., Denver, Colorado, as before.

Stephen T. Byington.

Growing Interest in Nietzsche.

My English fellow-worker, Mr. John Badcock, Jr., forwards to me the following letter received by him from Mr. Thomas Common:

Dear Sir, — I am very much obliged to you for your letter and the little work ("Slaves to Duty") you sent me about a week ago. I should really have written to you sooner, but the fact is I could hardly find time to read the little work carefully until yesterday. I was anxious to get the half at least of the translation of Nietzsche's "Twilight of the Idols" suitably prepared to send to Dr. Tille, the lecturer on German literature at Glasgow University, as soon as possible; consequently I could hardly attend to anything else till I got the manuscript sent away yesterday. (Dr. Tille's book, by the way, entitled "From Darwin to Nietzsche," is almost ready to be issued, if it is not already issued, in the German language, by the publisher of Nietzsche's works; Dr. Tille is, therefore, ready to furnish every assistance to the translators of Nietzsche's own works.)

It is pleasant to hear of persons who are favorable to Nietzsche's opinions in this country. You have approximated very closely to some of his views in the pamphlet you sent me; the sentiments expressed in it differ considerably from those which ordinarily find expression at South Place, and I suppose they differ still more from the sentiments in favor with the other Ethical Societies. In my opinion, however, your views approximate much more closely to the truth than those which ordinarily find expression. The more rational views will prevail by and by in Ethics as well as in Theology. Dr. Tille expects that the time will come when there will be Nietzsche societies all over the country.

You have really been the first to make Nietzsche's works known in England in print. It was an agreeable surprise to find the very important extract from Nietzsche rendered into English in your pamphlet. I knew nothing at all about Mr. Schumm's translation of extracts from Nietzsche in Liberty until you called my attention to it. Another American gentleman, Mr. Wm. A. Haussmann, a student at the Johns Hopkins University at Baltimore, has been translating Nietzsche's "Genealogy of Morality" during the winter, and he has now got it almost finished.

I hope to get the other half of the "Twilight of the False Gods" copied out properly in about a week or ten days. An English lady at Dresden has a considerable portion of "Human, All-too-Human" translated, but, owing to some disagreement between a German gentleman who assisted her and the publisher of Nietzsche's works at Leipzig, she discontinued her work; but I hope she will be able to return to it again during the summer, when she will have more time.

The publisher of Nietzsche's works in the original, Herr Naumann, was thinking of publishing the whole of them in English, as well as in French, but he would like to see how the French version of Nietzsche's principal works succeeds before commencing with the English version. The translation of the "Twilight of the Idols," which is a small work, may probably, however, be published shortly.

I notice that Mr. Schumm's translated passage, which you furnish, is from "Joyful Science." He will doubtless be glad to hear that other persons are also interested in getting Nietzsche's works translated into English. You will be in correspondence with the editor and publisher of Liberty, and you will thus be able to have communication with Mr. Schumm. He may probably have a large portion of Nietzsche's works translated. I shall write to Mr. Haussmann also about him, and they may communicate with one another.

Yours very truly,

Thomas Common.

21 Gordon Dwellings, Camberwell Grove, London, S. E.

Banking and the State.*

There are two great questions with which political parties must have to do until they are permanently settled, and neither of these questions will ever be settled except by action along right lines. One of these questions is the tariff, and the other is money. So long as there is any tariff at all, there will be tariff agitation. Until the people of the United States become sufficiently intelligent and honest to abolish indirect taxation, and submit to direct taxation, the cry that periodically goes up from the business interests of the country will not be stilled. So long as the wrong exists, so long will the people suffer. Until the people become sufficiently intelligent to take the money question out of the hands of governmental agencies there will be no stability to our finances. We will have in the future, as we have had in the past, periods — of longer and shorter duration — of seeming prosperity, followed by periods of real and severe depression, which will be of shorter and longer duration, as they occur and recur.

Real prosperity is not, and cannot be, founded upon artificial conditions. Permanency of prosperity is only attainable by conformity to natural laws. Wherever conformity to natural laws prevails, there will be the greatest harmony, because there will be the least friction. Under those conditions there will be the utmost possible freedom, therefore the utmost possible happiness.

The proper solution of the complex perplexities which seem to be a part of the money question is along the lines of freedom, — that is, in accordance with the fundamental principles underlying republican government. The largest freedom consistent with order can be consistently and properly applied to everything with which we have to do. Money is the most important implement used in our business lives; it should therefore be subjected to as little regulation as possible. It should be as nearly absolutely free as it is possible for anything to be.

At an early period, when man and all of his surroundings were in a primitive condition, he had no occasion for money, and therefore there was no such thing in use. After a time, by multiplication, man became so numerous that his wants could no longer be supplied by the voluntary gifts of the earth. Then by want man was forced to go to work. All of the subsequent advancement of man towards and up to the present state of civilization is due primarily to the efforts necessary to sustain life. Soon after the beginning of physical exertion as a means of satisfying human wants, men began to diversify their vocations. It was at this period that the first exchanges became necessary, and this was done at first in the way of barter. But man's wants so grew that barter was inadequate, because it was necessary in every case that each of two people should have what the other wanted, and be willing to trade. It became necessary to have some commodity that could be used as a medium of exchange. This was the beginning of money, and the need came first; afterwards the money to supply the need. A great many of the older commodities have been used as money, remaining in use until they were supplanted by some other commodity that came nearer meeting the requirements of money than that which it supplanted.

These various moneys were not planned to meet a requirement, but they were selected and accepted to perform an essential service because of an inherent possession of qualities of fitness to perform that service. So in the course of time metals came into use as money. On account of the superior qualities of metal to serve men as money, such as indestructibility, divisibility, durability, and other requisites, metals soon became money to the exclusion of everything else.

In this present time of civilization and advancement gold and silver have become the money of the civilized world, and for the reason that gold and silver more nearly fill the requirements essential to the business wants of a high state of civilization than anything else. Thus we see that the use of money has come about naturally, the people selecting and accepting that medium best fitted to satisfy a want. There was no preconceived design on the part of anybody. At first people ascertained for themselves the fineness of the metal used for money, and it changed hands by weight. Afterwards governments certified to fineness, and the people still exchanged it by weight. It was a further improvement when governments began to certify both fineness and weight, because the coins could then pass by tale from hand to hand with a saving of time. Large amounts of coin have always been, and still are, exchanged by weight. When this stage of development and efficiency had been reached, coins began to be marked with the effigies of kings, and people began to associate the image of rulers with the value of the coin, and this was the beginning of the idea on the part of the people of the power of the State to impart value.

This was the inception of fiat as pertaining to money. The coins were given names which had no relation to value, and they bore the kings' effigies, and so the people began to associate the value of coins with something that had nothing whatever to do with weight or intrinsic merit. The pound sterling of England was originally a pound in silver, and the penny was a pennyweight of silver. Kings of all countries were habitually extravagant, and always hard up. A favorite method of raising funds with them was to abstract from coins a part of the metal of which they were composed, and replace the amount with some base metal. This was carried to such an extent that some of the coins contained but a sixtieth part of their original value. People refused to accept debased coin; so the kings declared that it was a legal tender, and the people were obliged to accept it. This was the beginning of mandates of legal tender, and it is an absolute truth that no such legislation was ever required except where money had been debased, or had come to be looked upon by the people with distrust. Legal-tender acts are necessary only when there is a lack of confidence. So long as quality is unimpaired, no artificial aid is required. Truth is always able to commend itself without using physical force.

It is also true that, but for the interference of kings in the first place, and afterwards of other governmental agencies, with the quality of money, no legal-tender act would ever have been heard of. Without governmental interference money will always perform all the functions necessary to the satisfaction of human wants. Without governmental interference the quality of money will invariably be of the highest character. Without governmental interference the quantity will automatically and properly adjust itself to requirements just the same, and just as truly, as other commodities are, without special intervention by governmental agencies, brought into harmony with, and conformity to, human needs. Whenever and wherever there is a demand, the satisfaction of which is essential to human happiness, then will human activity be naturally impelled to sufficient effort to supply and satisfy that demand; and, as this will be done at the instance of a natural want, satisfied by and with natural processes, there will be none of the friction incident to artificial measures.

With freedom of selection the superior medium for the settlement of balances in exchange will always be used. With mandatory limitations the poorest medium obtainable will always be in use. Gresham's law would never have been heard of, had it not been for mandatory legislation obliging people to accept at their nominal value coins that had in various ways been debased by clipping, sweating, and other methods. The laws of those times were most stringent in character. The penalty for violation was death. Yet they were inoperative because people were obliged in self-protection to hoard all full-weight coins, and use those that were light in the transaction of business, and because, further, the standard that recognizes equity was so low that the necessity for fair dealing was recognized by but few.

With freedom of option the seller will always demand and receive the best money in circulation. With mandatory requirements the buyer will always offer in payment the poorest money in circulation, and therefore good money will not circulate side by side with poor money. It is because of this fact that there is such a thing as Gresham's law.

It is a mistake to suppose that there is, or can be, any fixed standard of values. Values are relative, and can by no possibility be fixed. Money fluctuates, as do other commodities; though, when the best money obtainable is in use, its fluctuations are slight, and they are entirely lost sight of because everything is measured by the money in use. The standard must have a definite value, but cannot have a fixed value. You have a bushel-measure, a yard-stick, a pound-weight, because they are used to designate a fixed quantity without relation to anything else. Values are always relative, never absolute. A dollar may buy a given quantity today, and more or less of the same thing tomorrow, or the day after; so the standard dollar of our money, while it is and should be a definite measure, cannot be a fixed measure. The dollar is definite quantitatively, but relative as to value.

There exists an idea among a considerable number of people that there is not metallic money enough in existence to supply the business wants of the world. The available supply is not nearly all employed. But about 40 per cent. of the precious metals is in use as money, and the remaining 60 per cent. can be drawn upon at will. If the available supply was exhausted, it would still be unnecessary that governmental agencies should be employed. Individual activity can always be unerringly depended upon. The stimulus of personal profit is the only incentive required. Can a government of the people supply a want that the people themselves cannot supply? Is a government of the people possessed of, and capable of exercising, a higher intelligence than exists in the majority of the people themselves?

There is another idea prevalent among another portion of the people, — to wit, that it is necessary for the government to exercise paternal foresight on behalf of the people in order to keep them from using what is regarded by some as an inferior metal for use as money. Now, this is all wrong. If silver is in any way suitable for use as money, it will be so used, and all restrictive legislation will fail to permanently impair its usefulness. If silver lacks any of the properties essential to its use as money, all legislation attempting to supply those properties will be futile. There is no more need of governmental guidance in regard to the selection of proper money than there is occasion for the direction of the people as to the kind of clothing they shall wear in cold weather. They will naturally select that kind that affords the greatest number of advantages, and is available. The governed were not told by the governors to make and use wooden ploughs in the place of a crooked stick, nor were they told to substitute iron for wood, or steel for iron. These changes came about naturally, as the result of experience, and were in accordance with the law of displacement of the inferior by the superior, which is going on at all times, everywhere, and in connection with everything.

The United States coins both silver and gold into dollars, and by law makes these dollars equivalent, thereby giving expression to the idea that we, as a people, believe in the power of sovereignty to regulate and impart value. The only effect up to the present time of attempts to make gold and silver dollars circulate together has been to drive one or the other coin out of circulation. Gold and silver have never circulated together, except during the short intervals while one was going out and the other was coming into use. Gold and silver, like other commodities, must find their value in the markets of the world. The United States can by statute law fix the value of American-grown wheat, corn, or cotton just as easily as it can those of gold and silver. Values are fixed by, and subject to, free natural conditions, — not to arbitrary, artificial rules. The United States congress possesses no supernatural powers.

The steady decline of silver in all the markets of the world, notwithstanding the efforts on the part of the United States to sustain the price, has had an effect on the minds of some of the advocates of silver coinage. There has been among them a partial relinquishment of belief in the creative powers of government in relation to the value of money. They now say that the United States alone cannot maintain gold and silver at a parity, at a fixed ratio, but that, with an international agreement with England and other leading nations, an effective plan can be formulated; that is, that the fiat of nations singly is inadequate, but that collectively the nations can impose upon the world of commerce a double standard of value that will remain fixed.

An essential requisite of metallic money is that its

* A paper read before the Single Tax Club of Chicago by Mr. A. W. Wright of that city.

bullion value shall be the same as its coined value; that, with or without the stamp of the government mint upon it, there shall be no difference in the market value in equal weights of metal, — for without that quality money will not circulate in the markets of the world. An international agreement out of harmony with the natural laws governing commercial values will be of just as little effect as a trial of the same thing has been on the part of the United States. It is utterly impossible to maintain gold and silver at a parity, at a fixed ratio. If anybody claimed the possibility of such a scheme in relation to wheat and corn, or cotton and wool, no one would think it worth while to waste time or thought in controverting so foolish a proposition. Yet the one is just as feasible as the other. It is utterly impossible to circumvent or defeat natural law with artificial device. As well advocate an international agreement suspending the action of gravity. The agreement would be just as effective in one case as in the other, and, whatever the agreement might be, the natural law would remain inflexibly operative. The greater the number engaging in any such futile undertaking, the more stupendous will be the failure, and the more far-reaching the disastrous consequences. Inasmuch as value cannot be imparted to money by individual will, it is equally impossible to impart such value by an aggregation of individual wills called the State. Value is simply a relative term, used to express the utility of things in relation to the satisfaction of human wants, desires, and aspirations. The sole value of money is in its utility.

An idea prevails among the people that it is not only a proper function of the State to issue and furnish the people with money, but that the State must do it, because in no other way can money be brought into existence and use. Without interference on the part of the State there would be just the kind and quantity of money in use that the people themselves deemed most fit and sufficient to meet the requirements. Money would be coined by the mints on demand only, and of such metal as the people desired. Experience would soon tell the people what was the best. The office of the government would be limited to the certification of the fineness, weight, and denomination of the coin. Its use would be left to the owner, and the circulation of the coin would depend upon its fitness to meet and satisfy business requirements. Money has come into use in response to a demand, not in furtherance of a purpose of design.

The State cannot properly issue paper money, because immediate redemption is essential to the usefulness of paper money, and the State has nothing with which to redeem such money. The State has absolutely no monetary resources, and can get none except by the exercise of the taxing power. It would be manifestly improper for the State to use its powers of taxation for any such purpose.

In the course of progress and development of business there came a time when there were men who had money that they did not employ in their own business, and they therefore loaned it to their fellows. This was the beginning of credit, and the beginning of interest. Shortly, as a further development of business, it became necessary that there should be money-changers; these made a business of borrowing money of their fellows at a certain rate of interest, loaning it again to others at a higher rate of interest. This was the beginning of banking. Business was greatly augmented and facilitated by these operations, as the same money was used over and over again, which would not, and could not, have been the case but for these improved methods. A further step in advancement was made when these bankers began to accept money on deposit subject to the order of the depositor, he accepting the banker's receipt therefor; and these receipts were the beginning of paper money. Now, all this progress and development of improved time- and labor-saving methods of doing business came about naturally, in satisfaction of business needs. Business could no longer be done by the simple process of changing money from hand to hand in settlement of balances between individuals, and so these improved devices came into use as a natural result of the exercise of human ingenuity to provide for the satisfaction of human wants. Money or banks did not come into use, or were not created, as the result of paternal purpose on the part of governments, but they were means and methods selected by the people themselves, because they fulfilled the requirements of natural wants. And yet these facts have been so lost sight of that there are today a considerable number of people who actually think and believe that it is a proper and necessary function of the government to provide both money and banking facilities for the people. Nothing could be wider of the truth. Money is simply a tool, the use of which is to settle balances in exchange. Left to themselves, people will naturally select the tools that will best meet all the requirements of the work to be done. It is no more necessary or proper that governments should exercise paternal functions in furnishing the people with money than it is that governments should furnish the carpenter with his tools, or that the agriculturist should have the kind and style of implements that he uses prescribed arbitrarily by State authority. Advancement and development come always from the free exercise of individual faculty, never from the restrictive interference of governmental agencies.

In the absence of governmental interference, banks will come into existence naturally, whenever and wherever needed. One of the functions of banks is to gather the loose money of the neighborhood in which it is located, and keep it employed. Except it be in savings banks, money deposited in a bank is always subject to call. It has been found by experience that the greater part of this money can be loaned. This is the profitable part of the business. It has also been found by experience that, in order that the bank may meet all demands, loans made by the bank must be either call or short-time loans. There is quite general, among the common people, the idea that the banker is a monopolist. The banker is the servant of his patrons, and is at all times absolutely at the mercy of his depositors. This idea of bank monopoly that surely maintains among the people is largely due to, or is an effect of, paternalism on the part of the government, because of which banks have not served the people as fully or as well as they surely could, and would, have done, had they been left free to do so. It is to the intelligence of bankers that the world is indebted for the methods of doing business by and with credits, without the use of which all the precious metals of the world would be inadequate.

In fact, it would be a physical impossibility to handle a metallic currency sufficient to transact necessary business; more than that, at the present day it would, without the use of the modern clearing-house, be impossible to construct a banking-house large enough to accommodate the business of the leading banks of our great cities. In the clearing-house thousands of millions of dollars of credits are wiped out by the simple process of exchange and cancellation of checks.

When there shall be sufficient intelligence to recognize at all times equity, and a sense of integrity that will see to it that the demands of equity are always complied with, the money in use will be of paper, for the standard of intelligence and integrity will then be so high that the forms of money expressed in terms of money may, and will be, used in place of real money. A keen sense of equity generally prevalent is essential to the growth and efficiency of money. Credits are all based upon the general sense of commercial honor. When that standard is high, every promise to pay will have behind it capital proper for its security while in existence, and ample for its redemption at maturity. Paper money must always be subject to immediate redemption in that commodity which possesses in the highest degree all of the essential qualifications of money. This is of the greatest importance, because the only thing that makes paper money possible is public confidence. Public confidence is aggregated individual confidence. Individual confidence can neither be brought into existence or sustained by act of legislature.

Banks should be permitted to issue paper money equal to their unimpaired capital. There should be unlimited liability on the part of the proprietors of the bank, and bills of issue should be a first lien upon the assets of the bank.

These bills should be subject to immediate redemption in that medium that possesses in the highest degree all of the essential attributes of money. Additional restrictions simply hamper the usefulness of the bank, without in any way increasing the security of the bill-holder.

All of the paper money in use in this country has cost its nominal face value to bring it into existence. Consequently no banker can afford to keep it on hand in idleness, waiting for a customer who will put it to use; therefore there is a constant tendency on the part of this money to drift to money centres where there can be found some employment for it. Paper money is properly a credit money, and only reaches its highest efficiency as such. So it is in the fall of the year, when large amounts of money are required in the South and West to move the crops, that money is always scarce and hard to get at Western points, and rates of interest are usually higher in those localities than in money centres. This would not be so markedly true if the local banker had liberty, and therefore power, to relieve this periodical stringency by supplying the want. He would be right at hand, and would be in the best possible position to enable him to judge of the character of the security offered, and on that security could give a deposit credit, or issue his paper money. Those bills of issue, though in the forms of money, would really be demand checks on his own bank; and, having assumed responsibility for the redemption of those bills of issue, the banker could be trusted in the exercise of sufficient care as to the quality and ready convertibility of the security accepted, and these bills of issue, after they had performed their mission, instead of going to the great money centres of the country, would naturally come back to the bank that issued them for redemption, there to lay in the bank valueless until again called into use by legitimate business need. With a system of free and untrammeled banking it would not be possible, as it now is, for rich men in New York to lock up a sufficient amount of currency at any time to produce a stringency. The currency, instead of being fixed in amount, and inelastic as it is at present, would be free and elastic. The volume of currency in circulation would be at all times just what was required. The system would be automatic; the slightest advance in interest rates above the normal point would be all the incentive required to impel the banker to supply the demand; so the volume of currency would expand and contract naturally, in accordance with and in compliance to, natural business requirements.

Now, nearly all of you are by this time ready to shout "Wild Cat," but, before unalterably committing yourself, let us reason together a little. Ninety-five per cent. of the business of this country is done by the use of bills of exchange, drafts, checks, etc. There is absolutely no security for those pieces of paper except the intelligence and integrity of the bankers of this country. For the immense sums deposited in our banks the law affords no security whatever to the depositor. The only reliance is the sense of commercial responsibility, and the honor of the bankers. The criminal laws pertaining to banking cannot be said to safeguard that business in any special sense; now, is it necessary that the State afford the bill-holder protection against loss that is denied to the holders of other bank paper? Can a note of issue justly be held more sacred and inviolable than other promises to pay? Extraordinary guarantees are not deemed necessary for checks, drafts, etc.; why should there be any such thing for the bill-holder? Obliging banks by law to keep always on hand certain reserves serves only to impair their usefulness. The financial strength of banks is due wholly to the intelligence and integrity of the banker, and can in no wise be artificially increased by the State. Without the slightest legislative purpose or guidance, the immense volume of exchange through the medium of banks is at all times properly and automatically adjusted; why cannot the limited amount of bills of issue be properly left to self-adjustment in the same way? If ninety-five per cent. of the financial and monetary exchanges of the country are accomplished without State interference, does it not seem probable that the little five per cent. would get along first-rate, if only it were left alone?

Banks are local, not national, in character. They came into existence because of, and to supply, a demand incident to their environment. There should, therefore, be no national banking law. The national government should have nothing whatever to do with the conduct or regulation of banks. The only legislation should be of the kind that protects men from the aggressions of each other, and that is not a proper field for national interference. There should be unlimited liability on the part of every stockholder: this would be better than any legislative safeguard. Every man demands the right to enjoy all of the benefits of his actions; therefore he should accept all of the responsibilities incident to his actions. This applies with particular force to bankers, because they are self-appointed conservators of common funds.

It may be said that with unlimited liability few would engage in the banking business. Those conditions do maintain in some countries, and there is no lack of banking facilities under those conditions. Everybody recognizes the fact that our financial and monetary affairs are in a hopeless tangle, and everybody recognizes the fact that this tangle is the result of legislative interference on the part of the national government. Now, what is the remedy offered by law-makers? Why, more governmental interference, of course. In the limitless range of human frailty the weakness that is most prolific of, and conducive to, the cumulation of ills that afflict mankind is the sublime asinine faith that exists in the minds of men as to the efficiency of the legislative words, "Be it enacted." After thousands of years of trial and failure in the plan of substitution of artificial conditions for natural processes, man still blindly and reverently bows before that fetich. No man can point to a single civil law that operates as it was intended it should operate. Yet poor, simple human faith in the efficiency of statute law remains unshaken.

One of the remedies recently suggested is the appointment by somebody, or some agency, of a "Non-partisan Commission" to regulate our financial affairs. Now, those of you who are familiar with politics and politicians, just think of that for a little while, and imagine the possibility of such a thing if you can. "A non-partisan monetary commission!" To judge of the usefulness of a commission of that sort it is only necessary to call attention to the stupendous efficiency of the Inter-State Commerce Commission. In full view of that spectacle a single thought of the possible results incident to the probable actions of a non-partisan monetary commission is enough to produce delirium. The whole difficulty rests in the idea that it is a proper function of the government to supply the people with money and to engage in banking business. That is all there is of the whole trouble. There is not only no relief in further governmental interference, but financial matters will constantly get worse until there is a total abrogation of all the assumed governmental functions in relation to supplying money and banking facilities for and to the people. There is no greater fallacy extant than the idea that the government does, or can, impart to money any quality that gives it universal recognition and circulation in the markets of the world. These qualities must be inherent; for money that has them not all the legislative and imperial mandates in the world will fail to command recognition; but of money that possesses them no earthly power can prevent the circulation among every people. It is human need that calls money into use. Ability to properly fill the requirements is the essential quality. It is entirely natural, and not at all artificial. The legal tender act should be repealed immediately. So also should all national laws pertaining to banks. The people should be left free to select the money best fitted for their use, and adopt such system of banking as most nearly meets business requirements, subject only to such limited regulation as is necessary to prevent criminal infractions.

There is nothing supernatural about money. All of the complications that seem to pertain to money are wholly imaginary, and are the outgrowth of the tangle into which political financiers have gotten the whole question. The whole financial muddle is the result, in the first place, of the attempts to enforce legal-tender mandates; afterwards, of the continued enlargement of governmental functions in the direction of paternal financiering. The trouble is of long standing, and is steadily being augmented. There is no hope of better things, so long as the interference is persisted in. Just so surely as political freedom is conducive to the development of the highest civilization, just so surely will freedom in the use of money on the part of the people be conducive to the best growth and highest development of money and finance.

A. W. Wright.