A Lecture on Industrial and Financial Problems

1881

People:

Author: Juliet H. Severance

Tags: net proceeds of labor, credit of the country, gold and silver, political and industrial, nonproductive classes, public debt, industrial evils, million dollars, open warfare, common interests.

Text:

A LECTURE on the INDUSTRIAL and Financial Problems

Fellow Laborers, Brothers, Sisters, of the Great Human Family:

'I APPEAR before you not as a silver tongued speaker to tickle your fancies, please your conceits, or to call forth your applause by lofty flights of oratory; but as a cool and and deliberate sympathizer in your labors, sufferings, hopes and fears; as one who for years has studied to find out what the matter is in this favored land, that possesses all the elements of prosperity of all other countries in the world; that there can be at the same time creaking warehouses, burdened by the surplus products, and also millions starving. Mothers agonizing for their children who cry for bread they have not to give; fathers desperate and ready for almost anything that promises redress.

I come to reason with, perchance teach you by speaking plain truth in plainer language, to show you the fundamental principles of industry; how those whom you have appointed to government, have prostituted it; how one after another, the nonproductive classes have sprung into existence to live upon your toil, under the
pretense of conducting business systems in your interests; — to show what are your rights in existing things and the various steps by which you may assume them without violence.

The first step that should be taken, the first question to be understood by those who would intelligently right a wrong, is to learn from what the wrong has come; in what it had its origin; since if the cause be known a remedy may then be found. If we who deal in industrial remedies, think only of the effects we see; if we simply take the pains and aches we suffer, and try to alleviate them by palliatives without inquiry *why* they come, we may even aggravate the real malady, as they do who deal in pills and powders. If, however, we can get back to the fountain head and dry that up, then the streams of suffering that flow from it will cease.

Therefore if we can find and cure the cause of the dark shadow that hangs like a pall above the industries, subsequent events that might arise would have no basis from which to inaugurate another flood of wrongs. In other words, had there been no industrial evils, as a beginning, there could have been no industrial ills following, as effects. Fundamental errors, then, are what we seek to learn about, those errors in which the wrongs from which we suffer had their origin.

It were impossible the evils which fall heavily on ten out of forty millions of the people of a single country, simultaneously, could have originated in any recent cause; this must be sought in some deep seated errors in the industrial system.

The evil from which our sufferings come, is not that there is not enough by which the needs of all might be supplied; but that while there is more than could be consumed, the daily laborers and their families are houseless, naked, hungry; is not under-production of what is required, but unequal distribution of what we have. And why is this? Because the strong, have the unquestioned power, legally, to oppress the weak from whatever cause. The few who have the peculiar talent to aggregate the result of labor, secure possession of the net products of the industry of the many and restrain them from their use. Had competition in Government been confined to the individual plane as it has been in industry, there could have been no government of people in any country.
Industrially each person competes with every other for superiority, the frequent result of which is the compulsory idleness of starving millions.

There are certain general principles that lie at the base of all relations between peoples individual and collective, which if observed will give peace and harmony, and in countries moderately productive, plenty and prosperity; but, ignored, in harmony and open warfare. The conditions now, industrially, border on open warfare. Or, if these principles be regarded in some of the departments of society, and ignored in others, then those in which they are observed will evolve to higher planes, while those in which they are ignored will revolve in the homogeneous state, as industry is doing and ever has done.

The causes of industrial evils, then, are as old as society. To find their initiative search must be made in its rudimental state, when all relations were on a common plane.

In prehistoric eras, there are evidences of a time when there were no aggregations of individuals larger than the family; when the family was a kingdom—a government within itself, the father being the arbitrary head. Then no one could question him save by rebellion. In this condition the weaker families were prey for the stronger, and were reduced to slavery. To protect themselves, several families would combine, and, in turn becoming strong also become oppressors. These families forming tribes were the first departures from the homogeneous state politically. Farther on tribes coalesced and built cities which extended their rule over the intervening countries—the second order of governmental evolution. Next, cities united and nations were evolved as the third order.

Finally under Cesar, Rome united all the known nations of the world, and in the arbitrary sway by one man, of their destinies, culminated that cycle of evolution.

Then the redistribution of the aggregated power began. Through a number of kings and rulers absolute, downward through limited and constitutional Monarchies, Dictatorships and Republics it descended until in this country, each person is supposed to rule himself through a common head, who, in theory, is the servant of the whole. Should this cycle of development continue the world will become an
Universal Republic with a single representative at its head. Then the opposite extreme to Cesar of governmental evolution would culminate the second cycle. But what has been done for the industries during those vast periods in which the political relations of the people have evolved so far from the homogeneous? Nothing! They are still in the condition in which the people were, politically, in pre-historic time. Politically the isolated family is merged in the greater one—the nation; but industrially it is still left to take care of itself, and when failing from any weakness or inability to do so well, falls a prey to the strong.

A people living, in some respects upon a highly developed plane and in others on the rudimental, oscillate between the conditions of the two. Harmony and prosperity exist permanently only among a people whose developments are in all respects upon a common plane. They cannot be enlightened politically and savage industrially, and avoid a clashing of the interests of the two. As a nation we are politically enlightened, have a high order of governments, but industrially we are savage still,—each family or individual contends with every other for superiority as they did politically in the infancy of the race; and these opposing interests clash, and keep the political and industrial tides alternately on the ebb and flood.

A good illustration of the working of these two conflicting systems was seen in the late war, which was the immediate cause of the late depressed industrial condition. When the government called on labor to volunteer to create an army, it should also have called on wealth to volunteer for its support. When volunteering failed to keep the army to the proper standard and drafting was re-sorted to, so should its support also have been drafted, provided contributions were insufficient. The reason this was not done, is, because politically, we were a national unit, had common interests; while industrially we were mere squads of families without any common interest or bond of unity. As a consequence the industries were saddled with a debt of three billions dollars.

The effect was this; it added so much to the public debt that the burden on industry required to pay the interest, became unbearable. Before the war the interest-bearing debt was not less than nine billions, dollars made up of about four billions of National, State, County, Municipal and Corporate Bonds and of about five billions individual notes, interest bearing debts, and dividend paying stocks. It may
seem at first thought that I have set the individual indebtedness too high; but wait till I call attention to a fact existing in a single county in Illinois and the doubt will vanish. The sum is rather below than above the reality. The industries could pay the interest on even this vast sum, with gold at par, without serious inconvenience, but when three billions more were added, with the premium on gold at an enormous price, production being greatly reduced by reason of the war, the burden made them tremble. Think of it! twelve billions debt! Seven hundred and twenty millions dollars annual interest. And to this should be added the premium paid for gold, dividends on stocks, discounts on notes and bonds, and the rates of interest exceeding six per cent., swelling the aggregate to the enormous sum of one billion, three hundred millions annually demanded as tribute to non-producing classes; or nearly six hundred millions more than the annual increase of the aggregate wealth, in seasons when labor is largely unemployed, as for several years past. What could be expected save bankruptcy of the industries? Nothing! And it has come upon us fearfully; but not half so much as it will if the past course be still persisted in by the money kings.

And it has come about in this way: So long as the one billion three hundred million interest was promptly paid, the usurers loaned it back again to the producers, and there was no dearth of money; but when the pressure came, when jay Cooke's speculative Northern Pacific bubble burst, confidence began to weaken, and the usurers, instead of loaning their receipts from interest, hoarded up the one billion three hundred million that was paid them. The industries deprived in this way and by the contraction of the currency, of the circulating medium collapsed; and the sad spectacle of millions unemployed was before the world—laborers who see the products of their toil filling the warehouses of the rich, who live in luxurious’ idleness, and smilingly extend their mortgages over the remaining wealth, at the rate of six hundred million annually, while those who created it are starving.

It may be asked: how can these obligations be avoided, and would their avoidance be legitimate? There are but two alternatives; to rid the industries of their burdens, or else extend the present suffering. The general business of a country is governed by the same principles as that of the individual. If a person does business on borrowed capital and pays interest to double the amount of his net profits, giving notes secured by liens upon his capital, he will eventually consume his capital.
Now this is just what we as a nation are doing. We pay six hundred millions in cash or bonds—more than the net profits of the country's industry annually, as interest and dividends to non-producers. So long as this goes on, so long will the distress increase.

There may be temporary alleviations, as at the present time, but they will not last. A radical cure is demanded; and the demand is being made in piteous tones from every hut and hovel of the country; from every dove and garret of the city; but these will soon be changed to tones that will not brook delay. Let those to whom the appeal is made beware.

The cause of industrial evils, then, lies in the conflict inaugurated by engrafting a highly developed political system upon an industrial system not yet advanced beyond the rudimental plane; and the cure must be to raise the industries to the plane upon which we stand politically; that there may be harmony instead of constant conflict between political and industrial interests, -- indeed politics should be abolished or merged in industry.

Now having seen the cause of the evils that require a remedy, let us examine the line of development that those evils have observed.

There are a few fundamental propositions at the base of any proper understanding of the issues between capital and labor, that must be properly presented, before we can proceed intelligently to treat of the methods by which the organization of the industries is to be effected. Few laborers know their inherent rights, because they have not had the time to inquire about or study into them; while the rich do not ask when they take the net proceeds of labor, if they oppress the laborer. The former realizing when hungry from compulsory idleness, that there is something wrong, do not know what it may be; and the latter seem to be unconscious that the sufferings of the unemployed are caused by them. But let us see.

The basis of all wealth is in the elements—the land, the air, the water. Everything that contributes to the necessities, the comforts, the luxuries of life comes from them.
They are what man found when he made his advent on the earth. Every person has an inalienable right to them, a right to use them to support himself. The right to life carries with it the right to that by which it can be maintained. Without this the other is a sham. The "privileged classes" make it a sham, since while they say to the toilers, in the Declaration of Independence, "you have a right to life," they nullify it when they say by practice "you shall have no right to that by which you maintain it, save as we elect and at such cost as we may set upon it." These classes have obtained possession of the free gifts of nature, and usurped the power to do with them as their interests decide, without reference to what is right. If the elements belong to universal man, instead of to a class, no person can acquire an ownership to an inch of land, a drop of water or a breath of air. But the few deprive the many of their use by the right of might; still the right to their use exists, inalienable though trampled under foot, and no less to the land than to the air and water. What would the holders of the land say to him who should bottle up the air and water and assume to deal them out to others for considerations? Would they submit as tamely as do the many to the few in the instance of the land? No! There would be rebellion at the first attempt at such a thing; and yet this might be done with air and water as justly as what they do with land.

The air, the water, the land, exist -- man had no hand in making them. They are the first factor in the problem of maintaining life; but, unused, are valueless. Labor is the second factor in this problem, and wealth -- being whatever can contribute to the maintenance of life, or increase its comforts or luxuries -- is the result. Before labor there was no wealth. All wealth comes from labor, hence belongs to it. If there were none but equitable exchanges made, all evidence of labor would remain with its producers. But the surplus wealth is held by those who had no hand in its production, while the producer sees his fruits added to their aggregations year after year, and his own allowance, in the best of times, reduced continually nearer the starvation point; and, in the worst, cut off altogether.

If every person had an unrestricted right to use the elements (under equal regulations) and should put the right in practice, everybody would be supplied with, at least, the necessities of life.

Experience, however, early taught that it is an economy for people, laboring in
different fields and localities, according to their soil and climate, and their general capacities and adaptabilities, to exchange their products with each other, rather than for each to attempt to produce everything that he desires. Could they living in different localities and producing different things have done their own exchanging, the need for a non-producing class would never have arisen. But it was not always convenient to pay for clothes in corn nor for the tailor to receive such pay. So here a need arose for some other than the direct method of exchange. The ingenuity of man, ever on the alert to serve his selfishness, invented a thing and called it money, to fill this need. This, while used for nothing else but this exchange, performed its functions normally; but when put to other uses, it became the Lord of labor.

All the exchanges might be effected without the use of money, but not so well; not so conveniently; not so economically. It is therefore in a strict sense, an economical convenience for doing what might be done, but not so well without it.

But now observe how the nonproductive classes rose one after another, to draw on the producing, and still farther tax the consuming class.

The use of money made the opportunity for the modern merchant. His legitimate functions are the distribution of the fruits of labor in the interests of laborers and consumers, and as their agent. But from this he degenerates to a speculator on their needs. Prostituting his functions and those of money to selfish purposes, he buys from one at the lowest price (a price leaving him no profit,) and sells to the other at the highest price, (a price that exhausts his earnings,) the difference between the two remaining in his purse -- a profit-making system in which many industrial evils have originated.

These middle-men were the first abnormal class. Had they exercised their normal functions only, they would have been the allies of laborers, acting as their agents in exchanging commodities, and with them shared the surpluses. But in the greed for gain, the desire to dominate, the passion to possess, they waived their great advantage, and became oppressors; began an open warfare upon producers, which has resulted in the absorption by the middle-men of all surplus wealth, leaving labor a bare subsistence. As the natural allies of labor they should have divided the world
into producers and consumers, and this would have limited the nonproductive people to this class.

But the short-sighted policy of the middle-men did not stop here even; some of them being successful in speculation began speculating on the speculators; buying large quantities from first hands (endeavoring to purchase all) and holding to control the market, small dealers are forced to pay large profits. Here another class was introduced to live and fatten on producers. Again, some of this class, more shrewd than their associates in profit-making, gave up the traffic and made loans to the less fortunate to enable them to "bridge over" some financial chasm; or else to get possession of vast quantities of merchandise; and thus the money lending usurer was born, the sum’ paid him as interest, always being added to the price paid by consumers, or else deducted from what producers should receive. And finally some of the money lenders grew rich enough to cater to the wants of Kings. With money they controlled the destinies of nations and became more powerful than their royal patrons. All vast aggregates of wealth have been accumulated from agriculturists and mechanics through unjust exchanges, and are the surpluses that should have remained in their possession, and that would have remained, had none save normal use been made of money, which is exchange, and means of distribution.

But this, it may be urged -- and with some reason too -- is the restricted view of the great subject, in which individual interests alone are considered -- the pessimistic argument that every thing is out of joint. It presupposes that had these ills been otherwise there would have been happiness and prosperity, peace and comfort only in the world; that the industrial and moral instincts of the race would have had a better field for active growth.

The broader view is from an opposite direction, which, taking things as they are, assumes that the moral and industrial instincts have been evolved as rapidly as possible, and that the seeming evils -- by reducing the elements through mechanics to the control of intellectual power -- will be the means by which eventually the race will save itself in the struggle for the things of life from the "wear and tear" of bone and muscle. It is the optimistic argument that all things work together for the good of all, or as the profound poem sang:
"All discord, harmony not understood All partial evil, universal good."

We know of no method by which things could have developed more rapidly than they have. We must therefore conclude that had there been no aggregations of wealth by which the great improvements have been made and by which intellectual and commercial interests have been so wisely and inseparably connected, there could have been no civilization. Vaulting ambition was necessary to conceive and carry forward vast enterprises; and even this needed the stimulus of "gain."

While the humanitarian was dormant in the race, the selfish propensities furnished the motor power for all great movements, and if great aggregates of individual wealth are monuments to the cupidity of the people, they are also the evidence of possibilities in the future, when these monuments shall enfranchise labor. So, though the motives of those who have oppressed labor, have been for self, the outcome will be for the good of all.

But, look at the ills of labor as we may, there seems to be a single system only, by which immunity from these may be secured, and this is in organizing it upon the plane of mutual interests, or cooperative principles. In the competitive system there will always be illustrations of the possibility of one getting possession of what thousands have produced. When financial crises come -- as come they will in such a system -- the thousands will suffer, and the one will make no sacrifice, unless compelled to mitigate the suffering.

Though this right to acquire and hold possession in the face of suffering, is legally unquestioned, if it be examined in the light of justice it will not stand a moment. It is the power by which a Cesar ruled the world; by which kings have kept their sway; the South its slaves. None of these subjections were more despotically maintained than is the dominance of wealth over the laboring masses.

The liberty that the working man enjoys is more in name than fact. How can he be free, whose right to labor for what he needs to eat and wear, is in the unrestricted hands of an employer? Or how can he be free whose labor in prosperous times, barely feeds and clothes himself and family, leaving him penniless to encounter adversity when turned adrift from work? It is through the ignorance and selfishness
of the rich that millions are hungry, homeless, naked, starving, in this land of plenty.

When the history of the tenors of starvation recently endured, shall be written by the brave historian -- and a brave one he must be who will dare to tell the truth -- the rich will be held responsible for all this misery.

But we should not err on this side of severity. We should not blame individuals too much, lest we lose sight of the systems in which the real wrong exists. We must remember the world has evolved out of chaos through a long series of change, and that the men and customs of any given period are legitimate for that period, but are not legitimate for the next. From this to the next generation sweeping changes will be made, some of which are now moving rapidly. Laborers have no cause to charge the tardy movement to the rich since they have the law making power in their own hands and have refused to use it. Until they shall send men to Congress to no longer misrepresent them and their interests, they should rather admit their own responsibility, and make haste to change their previous conduct in political affairs, and wage their war against the lam and custom: that have brought on the distress, and not against individuals.

We have seen how the industries were saddled with the three billions of public debt. One billion of this has been paid, seven hundred million having been purchased as a sinking fund. The means with which this has been done, has been drawn by the government from the industries, and this has been another burden which is seldom taken into consideration. "But," say the money classes, "we and not the laborers have borne all this." Before going any farther let me dispose of this wholly false assumption. True, it was from these people the government received the money; but from whom did they obtain it? A few rays of light shed upon this hitherto veiled subject will show distinctly that the seeming here is not reality. Beyond the possibility of a doubt, the rich not only do not pay a dollar of taxes, but equally beyond a doubt, productive labor pays them to the last farthing, no matter in what form levy may be made; and not only this, but also all the bills of expense of the vast establishments of these same rich, their wine brandy and cigars; their corruption funds, with which they buy and sell the legislating power against the laborer, and every other thing in which they now indulge from which he is shut out.
His earnings -- his hard wrought products -- are seized upon by them and turned against him, as an army seizes the cannon of its conquered foe and with their shot and shell, annihilates what is left that can resist them.

Admit, for the sake of argument, that the wealth which each one holds to—day, is his of right; and that to-morrow is assessment day for the whole country. This wealth is valued at a certain sum on which a given tax is laid. During the year everything goes on as usual: the various governments, national state, municipal and local; the expenses of the rich, and the labor of the poor. At the end of the year the net proceeds of labor will be gathered and realized upon, and added to the total aggregate of wealth, which will be increased over what it was at the beginning of the year by three per cent. Now from whence will this increase come? Whence that from which all these expenses will be paid? From the wealth that was on hand? That were impossible, since that instead of diminishing will be increased. Will it come from the non-laborers- the Bankers, the Bondholders, the Money lenders, the Usury takers, the Railroad Monarchs, the Land Kings, the Merchant Princes, the Cotton Lords? Or will it be from the high-toned gamblers -- the Stock-exchangers -- those who "corner" wheat, corn or pork in Boards of Trade, or those who fatten by the law, Attorneys, Judges, Sheriffs, Marshalls, Constables, and the whole crew who man the Ship of State; Doctors, Ministers, etc., etc., etc. Will any or all of these "Gentlemen" create, produce the wealth that will pay all this expense and add three per cent to the aggregate? No. Any school-boy can answer that. Not so much as one paltry dollar can come from them, it all must come from some producing source. And where, pray, is this source? Where the power, the skill that will create all this vast wealth? One simple word contains it all. Labor. Those who toil day after day, urging the fruitful, willing earth to yield her bounties. Those who fashion what she freely yields for use; those who go into the dense forests and hew down trees, and raft and saw; those who in murky mines delve in the bowels of the earth, to cause her to yield her hidden treasures -- gold, silver, copper, iron. lead, coal, salt, oil; those who level down the mountains, fill up the valleys, bridge the mighty rivers and lay the iron bands that bind this country's people inseparably together. You, and you, and you, from the strongest man, the most industrious woman, to the weakest child who furnishes the slightest thing, or fashions it for use, over and above what it shall cost to live. You, these, those, all are they from whom will come the wealth to do all this; and the time has come for justice to be done to this long
suffering, uncomplaining toil, and to have it known and acknowledged who it is that supplies the vital power by which the vast machinery of this great government and people, with all its nonproductive classes and attaches, is run!

To be sure some, perhaps most, of the nonproductive classes have labored in some way. They have overseen your work, handled your wealth and money, while you have been producing more. They have bought your wares, and sold your merchandise, grain, meat, cotton and wool, and from their proceeds have paid the taxes; have lodged themselves in palatial homes, or luxurious hotels that you have built, while you have been content to live in mere huts and hovels; have clothed themselves in "purple and fine linen" that you have spun and wove; while you have been barely covered with coarsest wools or cottons; have fed and drunk themselves on the choicest foods and costliest wines that you have cultivated; while you have sometimes been satisfied to get a crust of bread; and even this slim fare at times is denied to the starving millions who live -- if what they do, can be called living -- on the crumbs which fall from what is left of that which you pass to the tables of the rich. These are they who pay the taxes, are they? Who will, who can pretend it when they come to look into the matter closely; or who will dare to say they deserve the consideration with which they have been treated all these years? Or who, that the labor they have done, entitles them to the wealth they hold, or to that which you each year are adding to it? No one. And the time has come for the truth to be spoken to them in thunder-tones, if necessary to make them feel it; to induce or force them to listen to your claims. For their own sakes much more than yours, they should lend a willing ear. And let them remember this before it is too late that the southern slave-holder, playing the foolish confidante lost his all; let them remember that those who make the wealth do not object to sharing it equally with those who aid them in exchanging it in any way -- who buy and sell it to meet the demands of trade -- who do anything connected with the gathering or distribution of what your labor yields or fashions.

Abraham Lincoln, whose name we hold in reverence for his sterling qualities of head and heart, whose emancipation proclamation raised four million slaves to the position of men and women; who had a keen appreciation of the highest virtue of which human nature is capable, justice, left us this simple, yet comprehensive statement on this subject: "Labor is prior to and independent of capital. Capital is
only the fruit of labor and could never have existed if labor had not first existed. Labor is the superior of capital and deserves much the higher consideration."

Daniel Webster also left us these immortal words: "The great interest of this country, the producing cause of all its prosperity is labor, LABOR, LABOR. The Government was made to encourage and protect this industry and give it security." How it has degenerated.

Remembering the lesson as to who pays the taxes and expenses of the nonproductive public, let us return to the bonded debt, and see what are the rights of labor in respect to that. We have already seen that this was incurred because the political and industrial systems of the country are the former upon a high, and the latter upon a low plane of development, in which one is subject to the law of common interests for all the people, and the other in which each family competes, is at industrial war with every other family. But what are the equities between labor and capital -- between the producing and the possessing classes so far as they were related in the war; and the debt incurred in its prosecution?

To show the position to which wealth aspires, allow me to quote from the "Chicago Times," a strong "Coin basis" "Bond Holding" "Money Lending" organ of the administration, of date January 21st, 1878. "Those who," says this paper, "maintain their claim to property in land, are those who will, and who by every reason for the existence of society, ought to exclude from the source of its power, those who do not plant themselves in the earth on which society must take root." Now let the "Times" and those whom its theories represent, when it promulgates doctrines such as these, be held rigidly to their logic and lee to what it will bring them. According to this, property and not citizenship, irrespective of it, should be the basis of government; and all who do not possess it, may be excluded; that is disfranchized. How do you laborers, who feed these classes year after year, like their teachings? But, hold them to their words a moment, while the Public Debt shall be examined from their own standpoint of right. If the government should have its base in property, and be administered by those only who have it, then property and its holders should maintain it, should they not? If you laborers have no interest in, are not to be recognized by the rich man's government, then the rich neither had, nor have any right to call you out to fight their battles. Why did they call on you to volunteer, and why draft you into the service if the government was theirs and
 theirs alone? Why did they not fight their own battles and why haven't they, and why do they not now pay their own expenses? Put this question to them when they prate about their right to exclude you from the sovereignty. But they neither fought nor paid the costs. They first urged and afterwards drove you laborers into the ranks for slaughter, so that their persons might be safe and their property inviolate, and borrowed the money from themselves with which to pay the costs, giving your obligations as security for the payment.

They issued in round numbers, three billions of bonds, and sold them to themselves, paying for them on an average, sixty cents on the dollar -- (for some no more then thirty-five), or one billion eight hundred millions dollars. In other words they loaned the government this latter sum and took a bonus of one billion two hundred million in Bonds to pay for doing it.

And now what do they ask that you shall do for them with each of those three hundred thousand Bonds? Only this! They ask that for each one, you give them sixty dollars a year for twenty years, or in all, one thousand two hundred dollars and at end the of that time the full face of the bond itself; total two thousand two hundred for the original six hundred furnished, or for the one billion eight hundred millions that the government received, they demand the modest sum of six billion six hundred million, and this too in Gold, -- nothing else being good enough for the immense service they rendered Greenbacks were good enough for you, but they want Gold, and say if you do not give it you will break your faith with them and ruin the credit of the country. This is adding insult to injury. Break your faith with them, forsooth! What faith have they that you have pledged to them? None! They tried to pledge your faith to themselves and because they see you do not intend to be imposed upon to keep it, they begin to tremble lest they not only lose the enormous yearly interest you pay, but their Bonds as well.

They say there was no other way by which the war could have been carried on successfully (and they ought to know) but this is equal to saying that, while the government could take by force, the unwilling laborer from his family to fight the battles that were to save the property of the rich men from destruction, it had no power, or right to compel this same property to pay the expenses; and the rich now intend when these expenses shall be paid to have in fact, the property that your
devotion saved from ruin, and to have four dollars returned to them for every one advanced. You shed your blood and they have fattened on it, and still propose to do so. How do you like the picture? Well enough to let it remain for their satisfaction? I don't believe it! I believe you are making up your minds to send to Congress when next you vote, such men, and only such, as shall be pledged to Industrial Justice. But what should, -- what ought the laborer to say to the demands upon him for the payment of the six billion six hundred millions dollars? He has a right to say this at least; that it was enough to ask of industry to fight and win the battles that preserved the country; enough that the working classes laid down their lives by thousands on a hundred fields of battle; enough that wives and mothers gave up their sons and husbands to fill the soldier's grave that wealth might be secure; enough to ask all this! Enough to have done all this, without now being called upon, to toil year after year for a whole generation to pay these rich ones back their loans. They ought to urge that as the flesh and blood that existed in the ranks of labor at the time the war broke out, were freely used to bring it to a termination, the wealth that then existed should be compelled to pay the costs, to not only pay what still remains outstanding of the Public Debt, but to return into the treasury that which has been paid with all the interest received upon the whole amount -- there having been already paid more than the whole amount received by the government at first; more than one billion, eight hundred million dollars. Think of this and determine how much longer you will let these things go on. I appeal to the rich themselves, hard as it may be to part with money, if this would be asking more than what is right? They are warned that labor will use these arguments with whatever force is necessary to make them felt, if want shall drive them on to desperation. If the rich are wise they will forestall all this by doing simple justice voluntarily. I have no doubt, however, and I express it for the rich man's sake, that, if they would now come forward and offer to take greenbacks, with which they paid the soldiers, for their bonds, labor will be magnanimous enough to permit the debt to be thus paid, although it is by far, too great consideration, by far too much beyond what justice itself ought to permit.

And such a payment would be advantageous to those who hold the bonds eventually. The interests of a people are by nature so interwoven that it is impossible for one to make another suffer without sometimes feeling the reaction; impossible for one part of the social body to be diseased and suffering, without
every other part nearly or remotely, sympathizing with it. Now what would be the first result should the bonded debt be paid in greenbacks? It would reduce the national expenses over a hundred and fifty millions annually in interest and costs of raising revenues.

The interest bearing debt now in the hands of those who hoard the money paid to them as interest being changed in their hands to a non-interest bearing currency, they would engage at once in some business to employ their money. This would create demands for labor everywhere, and soon hunger and distress would be replaced by thrift and happiness. Well paid labor is what is wanted for the unemployed, not money for the rich. When all the labor of any country is engaged, it must be prosperous, let the financial condition be what it may, or whether it have any financial system or any money even at all. Finance is only an aid to not the cause of production, and there would be just as much wealth in any country, if there were no money. It is the right of the laborer to the use of so much of his previous productions, as will feed and clothe him while he produces more. This is denied him now.

The credit of the country would not be injured but improved by the payment of the bonds in currency.

The principles upon which the credit of a nation rests; are the same as those upon which individual credit stands. An individual who has a million dollars worth of property engaged in business without interest, has a better credit than another individual having a like amount of property engaged in business, but to keep up which he has annually to pay -- by liens upon the property -- fifty thousand dollars more than his income. The distinction between the two cases is precisely the same that would exist between our national condition, and that which would be if the bonded debt were changed to one not bearing interest.

"But the foreign holders would certainly be large losers by such a change and would never again grant credit," says the "Speciemen." Not at all! They would find in a short time that what they conceived a disadvantage, turned out a benefit, unless they grumble because compelled to seek new investments. The foreign bonds would be paid for -- as balances due to other countries are always settled --
by our exports at prices that would be determined by the standard of their values in the countries to which they should go. So while the Bondholders would nominally be paid in Greenbacks they would virtually be paid in their own country’s money to the amount that each thousand dollars worth of produce in Greenbacks would there be worth.

The stress laid upon the coin payment of the public debt is therefore a fallacy and meaningless, and is urged in willfulness or else in ignorance, to blind the eyes of labor to the issues coming on, until the scheme for moneyed interests which are in view shall be completed.

Again to change the form of debt would stop the failures, that under the existing state of things will continue to increase spreading desolation, want and hunger, still wider among the laboring poor. With conditions in our country such as seldom, or never before existed -- for the balance of trade was near two hundred millions in our favor in 1877 -- yet notwithstanding this, 1877 was a most disastrous one in business circles. In New York alone, in December, the failures were for nearly eight millions, or at a rate of one hundred millions annually, and for the whole country according to its population, forty times a hundred million or four billions dollars, and this in spite of a most unusual foreign trade. What our commercial condition might have been, had this trade been as heretofore, about that much against us, no one can tell; but it would have been something that nothing less than awful could describe.

But there will be too much money -- still claims the advocates of Gold. That is impossible unless the whole amount in circulation exceed the annual net productions. A country with all its labor utilized, that can add one billion five hundred million to its aggregate of wealth each year, can issue, and use that amount of currency without choking the avenues of trade. The difficulty in the past has been that prosperity has only been considered such when it has been on the side of the moneymakers. Of course, to have a large amount of currency afloat, is to make their profits small. But in the future, prosperity will be measured by a different standard. The country will be considered prosperous when labor is rewarded by large surplus products. The vital issue is not, and never was confined to money. It is in labor. Keep that employed and the country may be flooded with
the peoples' obligations in any legitimate way without fear of there ever being too much afloat, for no one can procure it without giving an equivalent in the products of labor. It may be asked what ways are legitimate? Any method by which the people can obtain it equally.

Had the Government, instead of playing into the hands of the moneyed men, in its legislation and administration paid some attention to the necessities of the poor, some attention to the principles that underlie industrial prosperity; instead of catering continually to the rich and fawning at the feet of millionaires, there need not have been a single one of the millions of hungry mouths, naked and unsheltered forms, that have suffered in this country during the last few years. Had the idle labor of the last ten years been utilized in any line of staple articles, its net results would have paid the whole public debt; erected in every city magnificent public buildings; built the North and South Pacific R. R., and completed every other improvement that could have added to our prosperity.

But the wisdom of our statesmen could not rise above the rich man's bank accounts, and the size of the miser's yellow pile.

The producing classes are deciding that Greenbacks shall furnish the means of exchanging their products; because, by so doing, an enormous sum of interest would be stopped at once. They have also decided that bank currency shall be retired by Greenbacks, because the times are too hard to pay to Banks two hundred millions annually, for furnishing one portion of the circulating medium, while the other portion costs nothing, and while the whole can be had at the same rate. Of course the bankers do not want to give up the two hundred millions, nor do they want more Greenbacks issued, but they want what are out to be retired, so that they can furnish the whole of the money required to do the business of the country, and thus raise their income from this source to one billion dollars annually, besides retaining the privilege of receiving and keeping the good peoples money safely, as they always do, you know. Some banks with five hundred thousand capital, secure five millions deposits. Nice thing, isn't it? Let's see. Thirty thousand interest on their circulation, and three hundred thousand on their deposits. (Bankers are the only persons who draw interest on what they owe.) Who would not be the owner of a bank when he can realize three hundred and thirty thousand
annually on a capital of five hundred thousand and yet these banks clamor against taxation and about reducing their capital. It is all gammon; else why are they so anxious to have the greenbacks retired and bank currency to take its place?

Gold and silver coin the only money, with the annual product less than a hundred million? Was there ever such supreme folly? When they talk like this, they do it to blind your eyes to what they want to do behind the scenes. They do not mean a word of it; they mean the opportunity to issue and collect interest on from three to five dollars of paper currency, for every one of gold they have; that is to say, with a capital of a hundred thousand they want to issue and loan five hundred thousand, at large rates of interest to the productive classes. Interest! Interest! Interest! Just as if money breeds, is the everlasting croak of capital.

But why longer pay interest to anybody? If the rates which our manufacturers and producers pay were not double those paid by their competitors of other nations, they could out sell them in every market on the globe; and that too without a protective tariff. Free Money and Free Trade go hand in hand. The Government can issue and loan all the money for which the people can give the requisite security at the mere cost of keeping up the system; and thus by one fell swoop strike from existence Interest, Bonds, and the whole speculating power that now owns and runs the Government. Let the Government establish sub-treasuries all over the country which shall be depositories for the people's money, and in which the loans they need can be negotiated, and there will be no more fifteen thousand broken-hearted widows, orphans and helpless men, wringing their hands in agony over the collapsing of State saving institutions, as was recently witnessed in Chicago.

To show what a blessing free money would be to millions the following facts are cited which will strike home to at least every western farmer, who is struggling on year after year under a heavy weight of interest which he must pay to keep a mortgage from foreclosure, and trembling always lest he die and leave his family at the mercy of him who holds it. The item is an editorial from the Chicago Times of Feb., 1878, and reads thus: "A curious statement has been published in Champaign, Ill. The assessed value of the real estate of that county is a fraction over eleven millions, and upon this there are mortgages recorded for about six
millions. The interest on these is near six hundred thousand dollars, and the taxes raise this burden to more than a million, -- equivalent to nine percent on the whole taxable value of realty in the county. The weight of the burden thus entailed falls upon productive industry," (here the Times admits what I have claimed about these expenses falling upon labor,) "which is shown by the fact that the interest and taxes require an average annual payment of every soul of the county’s population of twenty dollars and fifty cents."

"It will require something more," says the Times, "than the free coinage of daddy dollars, to remove the load which through reckless borrowing is buckled on the backs of the people of Champaign." And, let me tell you, this "something more" that will lift the load lies within the power of the people to have not only in Champaign Co., Ill., but in every other county distressed as is this. Let the people of the west, at the next election of representatives to Congress, elect only those pledged to vote for the issue of the people's money, Greenbacks, and so provide that the farmers who are oppressed by the payment of large interest on mortgages, can take them up from the Money-lending Usurer, by this free money, and transfer them to the government as security for the loan.

Thomas Jefferson declared, "Bank paper must be suppressed and the circulation restored to the government to whom it belongs." Calhoun, Franklin, Harrison, Webster, Hamilton, and others of renown as statesmen, have claimed that it was the duty of the Government alone, to issue the money and control its volume.

But it is claimed we must have a money standard like other countries, silver and gold. This, like most of the other arguments for specie basis, is a fallacy. If a specie basis be not the best one for the industries, though it be maintained by other countries, we should not follow the bad example set by them. We should adopt the best money, that which will make the industries most prosperous, and add most to the general comfort of the people. Our coin goes to other countries as bullion, and is received by weight and not as dollars; is received as all other commodities are, according to what it is worth by their several standards. Gold and silver bars are better to export than coin, and are equally valuable to pay whatever other countries claim; to pay balances of trade against a foreign country is all for which gold and silver is required. That is to say, in trading with the various countries, what
we receive as merchandise from them is paid with cotton, wheat, pork, oil and other commodities that we produce in excess of use; but the lack of these exports, or the demand for them can be supplied with exports of gold and silver as products the same as wheat and corn.

We raise two hundred and fifty millions dollars worth of cotton; five hundred millions worth of meat, butter and cheese; one billion dollars worth of corn; three hundred millions dollars worth of wheat and so on through a long list of staple products; but we produce only eighty-five millions of the precious metals, forty-five of gold and forty of silver. Now if there be a basis needed for our currency, why not make it of all of these.

One of the special pains is, that a money that is not redeemable, at the option of the holder, in gold or silver, has no stable value. The reason that this is urged has been already shown to be to keep the measure of values to the narrow limit of the precious metals, or two of them, of which we posses but little, and of which we produce the least of all our staples.

Gold and silver when considered in the light of common sense are like other commodities and have the same capacity for paying debts, have the same sort of value as any other commodity. The fictitious values given them over other products of our soil is for some other than utilitarian purposes, to facilitate or make exchanges.

We demand that the National Currency shall not be made redeemable, by anything, save those things that the hardy hand of labor coins out of the earth, or from the raw material. This is the redeemability, the only redeemability that the interests of the people demand for money, and this is the redeemability they are going to issue their currency upon, the objections of the goldites to the contrary, notwithstanding.

If a currency will at all times purchase every thing a person wants, what other power does it need to make it good?

The vital necessities are, first: that labor shall produce enough to satisfy all the possible wants of our people; second that each person shall have enough of
something with which to obtain his portion. There are no other necessities. Then how shall those conditions be secured; and so secured that they can never be suspended? How shall a currency be instituted that the people can always get and purchase with. Solve these and the question of the necessities of life is settled; afterwards some less important issues can be properly attended to. The reply is "easily." But let the illustration be first made on a small scale so that the principle on which it stands may be plainly demonstrated, then it can be applied to the whole people. Three large industrially organized families -- one agricultural consisting of thirty thousand persons, one mechanical consisting of fifteen thousand persons, and one mercantile consisting of five thousand persons -- settle a new country; say, an island never before inhabited. Each family carries actual wealth (not money) in commodities, produced and manufactured, machinery and stock, to make it possible for them to live wholly within themselves, to the value of five millions dollars. Being thoroughly organized as families they would need no police government. All the public business they would have, would be of an industrial and commercial character.

Their common interests would be commercial, and the individuals charged with their keeping, would be those deemed the best judges of what would contribute to their prosperity. When these representatives should meet, they would say, one of the first things we need to enable our families to transact business with each other, is a currency. When a mechanic needs a sack of flour, it may not be possible for him to deliver an article of his own manufacture as the payment; and when the farmer wants a pair of pants, he may not have harvested his crops, hence let us agree among ourselves to issue a million dollars currency of various denominations which shall be a lien forever upon all the property we brought with us, and all we shall add to it in the future; and a legal tender for all purposes for which money is required both public and private.

Can there be a better money for this people than this would be? Indeed isn't it the only possible money they could have that would be secure? I know bank men will say some ought to turn bankers and issue currency so that it could be redeemed. They should rather say put out their currency and fail to take it in, as banks usually do, when the people call upon them in a body to fulfill their pledges. Suppose these families had gold and silver; would that make them a better money? No! Since let
them be as valuable as they may be as metals, they can never be scientific money. They are wealth, which money can never be. Money is only a representative of wealth; a promise of wealth. It is an impossibility for a man or thing to be both the representative of other men and things, and the men and things themselves. One can not be principal and second also. So if wealth be principal, money must be representative. Money is representative and always has been, and wealth is principal and will be. When I say wealth, I mean the product of labor, not the mere aggregations of property in the hands of the now rich. Gold never was and never can be scientific money. Gold ever was and ever will be wealth, and as such can be represented by money; but the money that would represent the gold and silver of the country, would not represent the fifty billions of other wealth that it possesses and could never be made to do so unless the value of that fifty billions be shrunk by financial chicanery to less than two hundred million dollars.

The gold men have been trying to do this for the last ten years, and so far have had pretty good success. Shall they succeed completely or not, is a question for labor to answer. Now the Greenback currency is just such money as that would be which such communities would naturally adopt; and if it were issued just as they would issue theirs it would give the greatest possible prosperity to production, and the most comfort and ease among the people—excluding the nonproductive classes for whom we have no use. We are virtually three great industrial families: agricultural, mercantile and mechanical. We can and ought to live within ourselves, save in such respects as it is advantageous to exchange with other nations; we have but little gold and silver, and would be better off if we had none as industrial classes. As the producers of the fifty billions wealth there is, and the one billion five hundred millions yearly added to that aggregate, we can agree to issue a dollar Greenback for every fifteen dollars of that wealth and can make it legal payment for all dues, public and private, and a lien forever upon all wealth existing and all that shall be added to it, or, the better way to say it, a lien forever upon the three great industries, which agree to receive it for everything that they produce. What better money could be made than this, redeemed every time that any of the industrial bodies should receive one of these notes for anything that they should have to sell.

Let the mask with which capital has hood-winked labor, fall forever, and let a money be adopted based on the products of the toiler's hands, the redeemability of
which rests on their willingness and capacity to add to that basis year after year forever. Is it strange that laborers have not long since had this all arranged? No; it is not. They have employed the nonproductive classes to think for them politically and industrially, just as some have employed ministers to think for them religiously. Until quite recently most people have swallowed whatever either of these classes have offered without questioning; but the questioning has begun in earnest the curtain will soon rise upon a new scene in the drama of the industries as well as that of religion, and reveal the grand spectacle of a whole nation -- fifty millions of people -- doing its own thinking, and guiding its action by its thought in all departments of life. When this shall come, when the curtain shall be rung up to show this scene, the star of hope for down-trodden labor will rise even to the zenith, shedding its benignant rays upon an emancipated, prosperous, happy people.

From : RevoltLib.com.

Chronology :

**November 30, 1880 :** A Lecture on Industrial and Financial Problems -- Publication.


PDF file generated from :

http://www.RevoltLib.com/