

Metallic Money and Hard Times: Why they are inseparable

Section 3, Pages 61 - 66

James D. Holden was serving as president of the National Citizens' Alliance when he published the revised edition of this pamphlet. Holden, a resident of Emporia, Kansas, was studying the causes of the current economic depression. This pamphlet shares his opinions with readers. Holden was an ardent Populist and his opinions reflect those beliefs. This is a revised version of item # 209315.

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The government receiving two per cent. per annum for the use of the currency required by the demands of trade, would thus be provided with a fund for the maintenance of the system, and from which to pay the $1\frac{1}{2}$ per cent. per annum upon any temporary surplus absorbed by the savings bonds, while the expense of maintaining the entire financial system of the government would be borne by those to whom the privilege of issue is granted, in consideration of the use by them of the property upon which an issue is made, *possession* of which they are permitted to retain.

Thus, with perfect safety, would the demands of complex society for an effective circulating medium be met, and an adequate, elastic, and automatic legal tender currency (representing the most valuable form of wealth) be furnished the citizen at actual cost of issue.

The establishment of (one or more) fiscal agencies of the government in each congressional district, in charge of (say) three commissioners, acting under limited discretionary powers, and receiving salaries commensurate with the character and ability required for the proper performance of their duties in examining, certifying and passing upon titles to securities offered; drawing drafts upon the national treasury, etc., would suffice to safely conduct the business.

The certificates thus issued by the government would be *money*, because they would be full legal tender representatives of wealth.

They would be *honest money*, because they would be equal in money value to gold coin.

They would equal gold coin in money value, because

est, will immediately see in the increased demand for money and the correlative raise in the current rates of interest, their opportunity to make a more profitable use of their idle or surplus money, and will at once convert their savings bonds into money and offer it to grain buyers and merchants in the West. Thus an automatic, flexible volume of money is provided, which will adapt itself to any additional or extraordinary demand caused by the extraordinary or additional volume of business, on account of the marketing and movement of the grain and cotton crops of the nation.

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they would perform all its functions, and possess equal *legal power* to discharge public and private obligations — an arbitrary power which imparts to gold its present command over commodities and property. *

They would be issued to those only who have acquired a form of wealth upon which the issue could be made with absolute safety — society deriving the benefit of the increased money issue, as it is invariably benefitted by a materially increased issue of coin, or coin certificates.

§ 2. An abandonment by the people of the United States of the specie-basis money system would not *injure* creditors. It would deprive them of an *advantage* which they have too long enjoyed, but the immediate effect of the adoption of a monetary system which would restore value to *property* (at the expense of the present augmented value of money) would confer upon creditors a present substantial benefit, inasmuch as a contemplated change in the nation's legal money basis would create a demand for property (particularly land) which would enable owners of heavily encumbered real estate to dispose of the same at greatly advanced prices, an opportunity of which they would avail themselves, to the extent at least, of realizing funds with which to discharge their pressing obligations.

The exceptional legal attributes possessed by money, and the never failing demand therefor as a medium of exchange, would enable its owners to readily exchange their falling values for rising ones, and thus the loss

* The expressions, "honest money," "equal to gold," etc., which are above employed in defining the character of the proposed issue, are used in deference, solely, to the prevalent, though erroneous, belief that metallic money and paper issues redeemable therein, comprise the only "honest dollars" in existence. The extent to which this strange delusion exists in the minds of men is astonishing, considering the fact, that should the emergency arise in which metallic money of intrinsic value is supposed to be preferable to paper money, there would (in fact) be in existence less than \$1,000,000,000 in coin and bullion with which to "redeem" \$1,800,000,000 in paper issues entitled to "specie redemption," and \$4,500,000,000 in supposed money known as "bank deposits."

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which is inevitable, in changing from an improper to a proper, or impartial money basis, would be widely distributed and cheerfully borne by those upon whom it would fall.

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6 Questions for Doubting Readers to Answer.

1. Does the number of debt-paying "dollars" that are permitted to circulate among an industrious people, whose debts and taxes are by law made payable in that form of value, have aught to do with their prosperity?

2. Is not "money" in fact, any form of value (or its representative) that will *legally* discharge legal obligations?

3. If the debt-paying power can, by law, be impressed upon a certificate representing the value in white or yellow metal, cannot the same legal power, with a resulting benefit to society, be impressed upon a certificate representing the value in productive real estate?

4. If both land and bullion certificates should possess equal legal power to discharge legal obligations, wherein would one be superior to the other for money purposes?

5. In paying "interest" for the use of "money" upon secured loans, do not owners of one form of value pay for the use, simply, of *another form of value*, and for the reason, only, that their own acquired value does, not, under existing laws, possess the same *legal power*, as that for which they pay interest?

6. Is the relief we seek to be found in the ballot of the *partisan*?

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To the average interest-paying victim of the present monetary system, the suggestion of possible emancipation is as bewildering as a promise of personal freedom could have been to the most benighted negro slave; and the assertion that property-owners now needlessly pay "interest" for the use of money, seems as incredible as would a proposition to the slave that he need not obey his master.

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