

The sub-treasury plan and the land and loan system

Section 4, Pages 91 - 97

S. M. Scott was an "assistant lecturer for the Kansas Farmers Alliance and Industrial Union." The pamphlet discusses the Alliance sub-treasury plan in detail, including objections to it. The volume also has chapters about government loans on real estate and the power of railroads.

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THE ARCH OF FINANCE.



The above illustration represents the great arch of finance, bridging the mighty stream of commerce.

The Land and Loan and Free Coinage shall furnish the main arch of our monetary system to bridge over the great stream of commerce. These shall form the base for a staple currency to transact the ordinary lines of trade, (that is, the normal demand.)

While the Sub-treasury shall be dropped in as the key to the great monetary arch which will unlock the mystery of our iron-clad system (Windom), and fill the long-felt necessity of a flexible currency. Thus, we have a complete arch to bridge over *any demand* that may occur.

This abnormal demand or key has been supplied by our United States treasury for the last twenty-five years in the way of money being deposited with national banks at an enormous cost to the people. I call your attention to the following tables, showing this enormous tax which the producer and consumer, or labor, has had to pay. Some have compared the Sub-treasury Plan to the national-bank system.



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We produce the following from Maxson & Hebbard's "People's Hand-Book":

Date.	Bonds to secure national-bank circulation.	Circulation.	Loans and discounts.	Net profits.	Price of wheat in New York.		
					High- est.	Low- est.	Aver- age.
Oct. 1, 1880.....	\$357,800,000	\$317,300,000	\$1,041,000,000	\$45,186,034	\$1 59	\$1 03	\$1 31
Oct. 1, 1881.....	363,300,000	320,200,000	1,173,800,000	53,622,563	1 56	1 14	1 35
Oct. 3, 1882.....	357,600,000	315,000,000	1,243,200,000	53,321,234	1 43	1 03	1 23
Oct. 2, 1883.....	351,400,000	310,500,000	1,309,200,000	54,007,148	1 24	95	1 09½
Sept. 3, 1884.....	327,400,000	289,800,000	1,245,300,000	52,362,783	1 05	74	89½
Oct. 1, 1885.....	307,700,000	269,000,000	1,306,100,000	48,625,497	1 05	88	96½
Oct. 5, 1887.....	189,000,000	167,400,000	1,580,000,000	55,165,386	95	83	89
Oct. 4, 1888.....	171,800,000	151,700,000	1,674,800,000	64,506,869	97	78	87½
Oct. 2, 1890.....	140,191,900	125,176,956	1,970,022,687	65,360,487	83½
Total net earnings, 9 years.....				\$487,158,001			
Add to this the net profits from 1870 to 1880.....				491,672,946			
Total.....				\$978,830,947			
Add to this the increase of surplus.....				121,933,275			
Grand total.....				\$1,100,764,222			

After examining these figures, can any rational, unprejudiced mind compare the proposed plan to the national-bank system, which has posed as a national benefactor under the pretext of furnishing us a sound currency, the fallacy of which we prove by the foregoing table, which shows a gradual decrease in their circulation and a corresponding increase of profits.

The enormous cost of the national-bank system to our people cannot be estimated by the figures published by our best statisticians, from the fact that the great expense caused by high-salaried officers is never given — only the net profits after all expense is paid.

Upon a close examination of the above figures, you can readily see the influence the national banks have over their circulation and corresponding influence over their profits.

We also invite your careful study of the decrease in the price of wheat during this term of ten years under a gradual decrease of national-bank circulation.

You will notice the national-bank loans and discounts amount to over 1,500 per cent. more than their total circulation; and in the face of all this, some men have been unthoughtful enough to compare the plan under consideration to the national-bank system. Under the national bank system, the people have paid an enormous amount of interest to these corporations without a corresponding benefit derived. Under the system proposed, the money finds its way into the channel of trade at actual cost of printing and caring for the security. Under the national-bank system, the money finds its way into the arteries of commerce at the option of the corporations, who dictate the amount of interest to be charged. Every cent of interest charged upon money to move our crops is charged up to the cost of the products, and the consumer pays the bill, while under the plan proposed the producer agrees to pay the total expense of floating this money, and no interest should be charged for its use, to be charged up to the consumer.

Who can dare make a comparison of the two systems? Under our present system, the power has been delegated to a few bankers to absolutely control our money, under the pretext of public benefactors. Under the proposed plan, no part of the people is taxed except the first recipient of the money. They only ask the privilege to deposit their wealth in the form of cereals, as a security for a commercial paper; to bridge the difficulty, this is to be placed among the people at actual cost. Whatever the cost may be, the farmer proposes to pay it.

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Wherein, then, can there be any comparison? One system has cost the people in the last twenty years over \$1,100,000,000 as a net profit to its manipulators over and above the cost of operating it, while the Sub-treasury is proposed to be run at actual cost of operating, which would be less than the operating of the banks. Besides, the amendment would cause the Sub-treasury to take the place of many banks.

We shall repeat that the great question is, Who shall hold these cereals until the consumer needs them? Shall we still continue to delegate this power to that class of men called "bulls" and "bears," who have no other object than to get hold of the products for the purpose of gain; who never have nor never will add one dollar to any channel of trade, but who expect all they reap from this business to be their own personal emolument? But if the plan is reversed, as proposed, there will be a complete revolution in the handling of the products, to the complete destruction of the grain-gambling institutions of America, allowing the producer to retain the goods in his hands until the consumer is in need of the same, when the law of supply and demand will once more be established. If the producer was to deposit one half of the goods in the Sub-treasury and float 80 per cent. of the same in the form of a currency, placing it, as we have said, into the hands of the consumer to buy, there would virtually be but 20 per cent. of the products that would remain in the Sub-treasury, for the 80 per cent. is put out into the hands of labor to purchase the necessities of life. What reason is there in the present system in keeping this vast amount of wealth locked up for from six to ten months of the year, while it could just as well be placed in the form of a circulating medium?

If we were to make a careful study of our present system, we would see at once that every small elevator in America is simply a Sub-treasury, from the fact that the individuals running them will take your grain, deposit it in a car, pay you the full value for the grain, will turn it over to the railroad company, take a bill of lading (or warehouse receipt), take it to the bank, deposit it, and by attaching a draft consign his product to some large Sub-treasury in the East, draw about 90 per cent. of what the product is worth, and finally receive full return for his property. The last Sub-treasury that receives it has paid every cent the product is worth, and holds the same until the consumer wants the product for consumption. This system is now in operation all over the United States. The great difficulty of the system is that it does not furnish an extra dollar to the consumer to buy his necessities with. Under the proposed plan, the producer takes his products to market, deposits the same as in the first place, receives his bill of lading or warehouse receipt, goes to the Sub-treasury bank, gets his 80 per cent. of the worth of the goods in money that never had been in the channel of trade, thus adding ability to every laborer in the land, holds his warehouse receipt until some miller or manufacturer wants his goods, then he surrenders his receipt and the products move on to their final destination. Thus we find that the goods, or the money for them, is added to commerce, while under our present system the goods are held and business suffers from the money being tied up in products.

The following article we clip from *The Topeka Advocate*, written by Hon. B. H. Clover, member of Congress from the third district of Kansas:

"Mr. Pillsbury, of the great milling firm of Minnesota, says that the expense of buying, storing and holding the vast amount of wheat necessary to run their business was so great that they had to obtain it at the lowest possible rates from the farmer, whereas, if some way could be had of holding it in the country so the millers could get it at such time as they needed it, it would greatly benefit the farmers, while now, said he, we must lay in our immense stocks while it is going or it will all leave because the farmers are forced to sell. Unconsciously he was making a grand plea for the Sub-treasury Plan."



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Thus we find, from the largest miller in America, that the expense of holding enough wheat to last the season was very, very great, and this expense is all paid by the consumer.

A FEW WORDS IN CONCLUSION.

In closing our remarks upon the Sub-treasury Plan and Land and Loan System, we feel impressed to say that the benign principles that actuate the order of the Farmers' Alliance and Industrial Union of this great country of ours are of that class that invoke the broadest toleration for the honest, intelligent and sincere sentiments of our fellow-countrymen. This noble order, with a spirit as free as a bird's, with earnest desires for a betterment of the conditions of all the struggling toilers of our land, holds the deepest veneration for the following gentle and peaceful sentiment uttered by the martyred Lincoln:

"With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in, to bind up the nation's wounds, to care for him who shall have borne the battle, and for his widow and his orphans, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

The Alliance would fain appreciate the sublime majesty of the foregoing glorious words of "one of the few, the immortal names that were not born to die." And now, with more than a quarter of a century removed from the occasion when these words were addressed to a nation divided into hostile forces, scattered over many a military camp, we may partially realize how beautiful is the sweet angel of peace.

"The Mason and Dixon's line" no longer divides settlements of hostile people warring with each other, for it is now the common purpose of all of our industrial forces, East, West, North, and South, to forget the distracting, the painful things that are behind, and to press forward for the mark of the prize of a truly great American brotherhood. May its steady comminglings ever be based on the principles of impartial justice, and on the glorious touchstone, "Love worketh no ill to one's neighbor."

The newer blood, coursing through the veins of the truly patriotic people of our common country, repels the sectional current of feeling, and is even now ready to exclaim, "New occasions teach new duties!" We must do a work that the fathers had not wrought out, in order that we may be worthy descendants of most-honored sires. Our posterity, emulating bright examples of their ancestors, may be given fields of useful labor that have not yet been permitted to dawn upon the race.

And now, may we not in sacred fervor exclaim:

"The age is Truth's wide battle-field,
The day is struggling with the night,
For Freedom bath again revealed
A Marathon of holy right."

Are there not thousands of our countrymen sitting in the darkened shadows of debt and approaching disaster who are anxiously inquiring, "Who will show us any good? Who will lead us in the path that will be 'the way out' of the house of financial bondage, and the way into unincumbered habitations, freed from mortgage greed, and from capitalized grasp, where the inordinate love of money has bred so much of desolation?"

And now we may say that we trust all who have examined this work on "The Sub-treasury Plan and Land and Loan System" have been actuated by a dispassionate judgment that has enabled them to impartially investigate these methods; and that, rising from a careful perusal of these subjects, they may criticize our work as their conscience, intelligence and love of country and of the brotherhood may best suggest, and give us in whatever form they may the result of their faithful, honest in-

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vestigation. And we exhort the people in all well-regulated communities to conquer whatever of past prejudices that have served to estrange one neighbor from another, and that, irrespective of former political associations, they may join themselves in a solid phalanx, where all shall seek the good of each, and each shall labor for the highest good of all.

The conscienceless rule of the privileged classes cannot be curtailed a day too soon; and an organized conflict in behalf of the best interests of the sturdy yeomen and the toiling wage-workers is the active crusade in which all true lovers of humanity may ardently engage, feeling that such a work is a truly philanthropic mission.

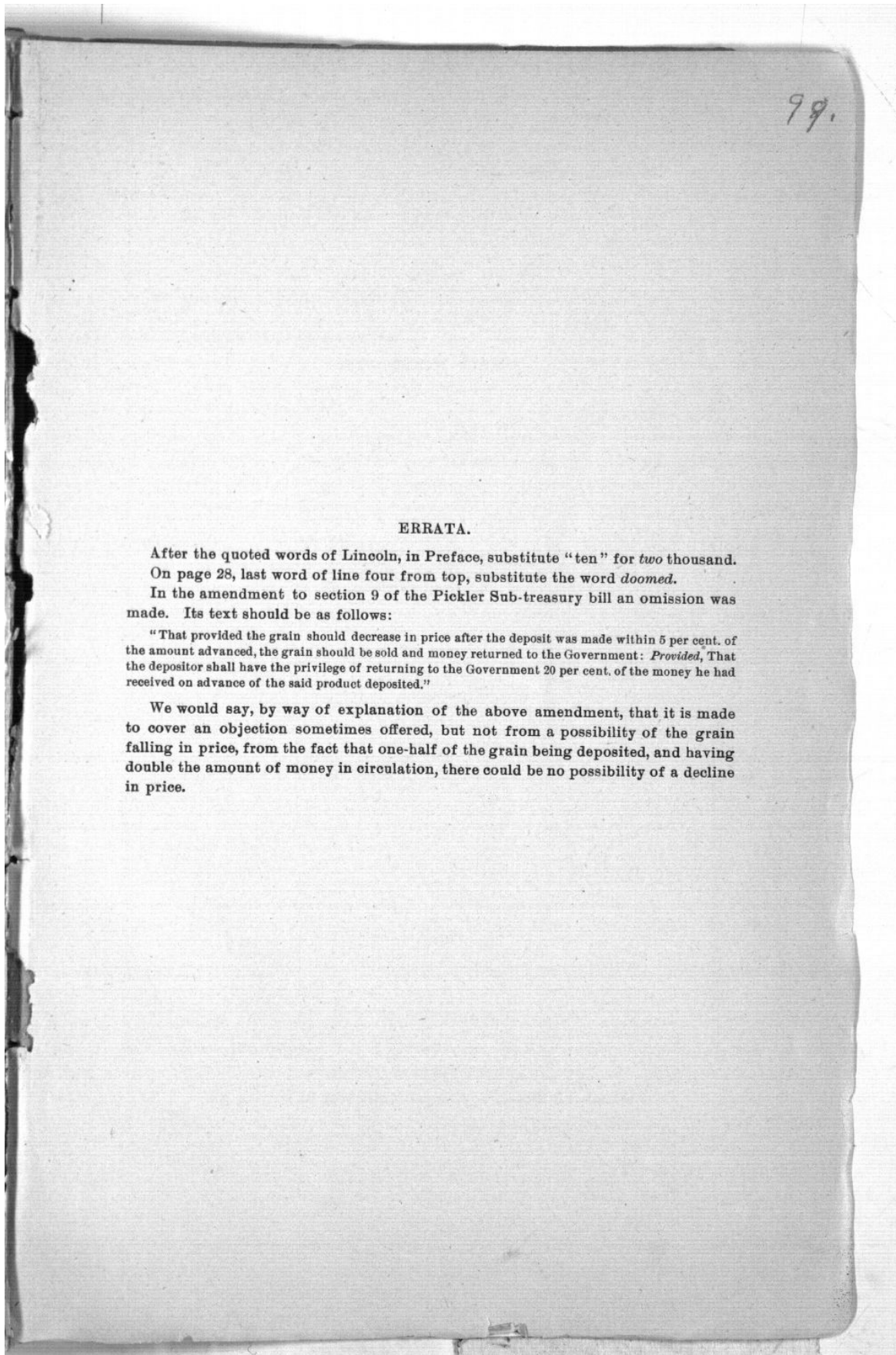
And shall not the people, as one man, rise in their majesty and might, and proclaim their absolute and utter independence of managers in politics who have been wont to be their leaders and rulers, and have virtually refused them the right of private judgment and individual action in matters of political duty and obligations? It does not matter to what political party one may have been attached in the past; this is preëminently a period of time when all true patriotic men may feel inclined to reproduce those stirring words:

"Strike! till the last armed foe expires;
Strike! for your altars and your fires;
Strike! for the green graves of your sires,
God and your native land."

Fully realizing that our past lives have been too much influenced by prejudice and superstition, the fruits of which have divided communities and prevented united efforts for the general welfare, let us, in the language of the Alliance, concede to all honesty of purpose, and thus through educational agencies may we "Strike till the last armed foe expires," and bigotry and prejudice shall disappear as despoiling forces forever from our midst!

Armed with the peaceful weapons of the Sub-treasury Plan and Land and Loan System, we hope to be able to convince the farmer, the merchant, the lawyer, the doctor, the mechanic, and all laboring men who toil with either hand or brain, that our cause is just, and that our union should be perfect in establishing this great precedent, which shall prove a blessing to ourselves and our posterity.

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Our Library.

It has frequently been demonstrated, that the best-informed people are the least apt to allow their rights imposed upon. The National Council of various labor organizations which met at Ocala, Florida, last December, took a wise and advanced ground upon this matter, and advocated the establishing of Circulating Libraries, in accordance with which the following list has been carefully selected, and will be supplied post-paid at the following low rates:

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