Pensions – Homes – Schools – Jobs

CONSTITUTIONAL MONEY ADVOCATE

Volume I, Number 1 * * * * November 1, 1939 * * * * Price 10c

HON. ROBERT L. OWEN

(See Page Nine)

UNROBING THE GHOSTS OF WALL STREET

1. Fifty-Cent Dollars
2. Fiat Money
3. Inflation
4. Periodic Cycles
5. Machine Age

Ghost Number One
FIFTY-CENT DOLLARS

We changed the size of the paper dollar in 1929 and made it about one-half size, but you didn't notice the change in its value or purchasing power, did you?

You tried it in 1933 when we reduced the gold content of the dollar 41 percent. You bought just the same amount of commodities as you did before.

You never noticed any difference in its value or purchasing power, or debt-paying power, did you?

Then why this continued talk of fifty-cent dollars? We all know better.

You cannot possibly change the value or purchasing power of the dollar by changing the size or material on which Uncle Sam's stamp appears.

It is the stamp of Uncle Sam which makes and determines the unit of exchange.

It is the abundance or scarcity of dollars which determines the purchasing power or value. Whether it is a fifty-cent dollar or a dollar-and-fifty-cent dollar, can only be determined when measured by the dollar's purchasing power of commodities.

There is no such thing as a "fifty-cent dollar," and every thinking person knows there isn't any more than there is a two-foot yardstick or an eleven-inch foot rule. The material from which a dollar or a yardstick or a foot rule is made has no bearing on its measuring unit. When Uncle Sam prints on a coin "One Dollar," be it on gold, silver, copper, yellow paper, or green paper, it **is** a dollar and will buy a dollar's worth of goods at their relative value or will pay a dollar of debt.

The purchasing power of a dollar is another matter that is determined by the number of dollars in circulation as compared with the amount of goods traveling in the veins of trade and industry. For example, in 1920 we had twice as much gold back of our dollar as today and still the dollar bought only half as much in goods.

Ghost Number Two
FIAT MONEY

It was Nero, of Rome, who taught the international bankers the way. In building for himself fortification against any accusations, he created a poison called "prejudice" around the honorable name "Christian" and when the name was thoroughly steeped in the poison of gossip and prejudice, he pointed to it as something combined with everything horrible. An uninformed public aped him, as they always ape those in power. Thus fortified, when accused he pointed and whispered, "The Christians." And blind and prejudiced humanity burned them at the stake.

And so today the international bankers point to the Wall Street ghosts and whisper, "Horrible! Fiat money! Look out or that ghostly bogey man will get you!" And in Congress and out of Congress the uninformed, trembling and frightened, echo the cry.

Let us unrobe the "Fiat Money Ghost." Webster's Dictionary defines "fiat" as follows: "A mystical value obscure to human observation, a value created by law."

All money is fiat money. It would not be legal-tender money unless it were fiat.

All money is made by law. Gold is fiat money. because its value was created by law. Remove the fiat from gold, or demonetize gold and its value would be so small that you would be ashamed to wear a gold ring or to have the gold show in your teeth. In 1933 we increased the price of gold from \$20.67 an ounce to \$35—that is, we added another \$14 fiat to an ounce of gold, or we added to our gold holdings \$2,700,000,000 fiat on top of all the other fiat we already had in the gold.

Since all money is fiat money, then why all this continuous alarm in the press and on the platform, in Congress and out of Congress, about fiat money?

Ghost Number Three
INFLATION

Isn't it strange that you never hear of the terrors of DEFLATION, even though it has robbed the laboring man and the farmers no less than twenty-seven times, and today we are still suffering from the last three, with poverty in the midst of plenty? Why? Because the vultures of greed want money scarce so their interest-dollars will buy more labor and products.

Isn't it strange that you never see the word "DEFLATION" blazoned across the front page of our big newspapers? But with the slightest suggestion, the press, echoing Wall Street, waves the "Inflation Ghost" in its most hideous robes? Why? Because Wall Street owns the bonds of Industry and controls the advertising in big papers who don't dare to venture a thought objectionable to these economic dictators.

So let us unrobe the Inflation Ghost and see the nothingness under the robe.

You have never heard of a single bank failure in history caused by **Inflation**, have you? No, but you lived to see over 16,000 banks destroyed by **Deflation.**

You never saw a Nation's homes destroyed by **Inflation,** did you? Of course you didn't, but you saw over 100,000 homes destroyed annually by **Deflation** in the last ten years.

You never heard of a single man losing his job by **Inflation,** did you? There never was such a case, but you have heard of millions losing their jobs by **Deflation.**

You never heard of bread lines and soup kitchens created by **Inflation.** That's impossible. But you have seen **Deflation** compel your neighbors and most prosperous citizens to fall in line, haven't you?

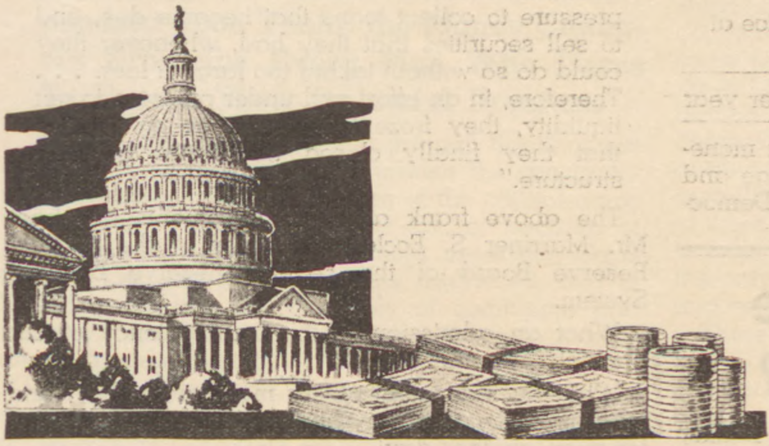
You never heard of a Nation destroyed because of

(Continued on Page 19)

Constitutional Money Advocate

VOL. I No. 1 November 1, 1939

Why Should Congress Declare A Monetary Policy?



By Honorable Robert L. Owen

ANSWER: Because Congress has exclusive power and duty to regulate the value of money; because regulation of value requires regulation of volume; because regulation of volume requires an executive instrument directed by law to expand or contract the volume with an objective defined by law.

The present powers given the reserve board, enormous as they are, have no declared objective by law, not even "to regulate the value" of money; nor to furnish an adequate volume to increase employment and production to maximum.

For over two years the reserve banks, the open market committee, and the Federal Reserve Board have failed to expand demand bank deposits through the expansion of credit by the reserve banks.

The reserve board emphasizes the dangers of inflation and doubles the reserve requirements of member banks to prevent inflation when the country is afflicted with unemployment through so-called deflation (really by indefensible contraction of credit and demand bank deposit by some 16 thousand privately owned banks).

The index of physical production for 1929 was 119, (1926, 100) and for 1936 was 105; when it should have been 126, because the population had increased approximately 7 millions from 121.5 in 1929 to 128.5 in 1936. Here is a shortage of 21 points from what production should be by increase of population. The unemployment of one-sixth of the people explains the lack of production by volume.

Unemployment is accounted for by the contraction of our money supply which took place in check money, which in 1929 had a turnover of 1230 billions falling to 470 in 1934, and was 530 in 1935 and 600 in 1936.

It is immaterial to the people of the United States what the cause is of a shortage of money supply, or whether it be a shortage of volume or a shortage of volume and velocity. The hoarding of money, whether in demand bank deposits or in currency is immediately reflected in a rise in the purchasing power of money and in the sacrifices of property and services needed to get money.

In 1932, when people hoarded currency, the Department of Commerce had reports from over 1,000 cities where people established barter exchanges or issued scrip and locally manufactured money to escape the intolerable conditions then existing.

Demand bank deposits hoarded or held in reserve by individuals or corporations, deny the country the volume of money necessary to supply the medium of exchange of the products and services of the people with each other. The reason why such demand bank deposits are hoarded is immaterial. The proof that it is hoarded appears in the August bulletin of 1935, but the figures there estimated are not as important evidence as the failure of national production by volume to register a minimum index of 126 instead of 105 as above set forth.

Unemployment as Proof

Obviously without working capital with which to pay wages, employment is impracticable. Even in 1929, there were 1.8 million people unemployed which increased up to 13.7 in 1933. And in 1936 there were still 10.5 millions unemployed,—one-third of the people on relief, underprivileged, illfed, illclothed, under-housed, subject to exposure, disease and crime. When the contraction of the money supply took place, unemployment rose to a maximum. Unemployment diminished again as the money supply increased.

Consuming power depends on wages and on employment—employment on power to sell the products of employment. When producers cannot sell, production and employment diminish accordingly, both as a matter of reason and as a matter of fact.

Loeb's "Chart of Plenty" based on the findings of 60 experts found that the people of the United States had an annual potential production of 135 billions in 1929 if its labor and factories and resources were employed at a maximum. As the population has now increased over 7 millions, the potential produc-

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Published for the purpose of disseminating monetary facts. Truth is the basis of all knowledge and science and education are the foundation of Democracy.

Who Creates the Nation's Money?

In support of our contention that private banks, insofar as they expand their own credit and thus create bank deposits, are virtually individual private mints, issuing money in contravention of the Constitution, I quote below from the testimony of Governor Eccles of the Federal Reserve Board, before the Banking and Currency Committee of the House during the hearings on the Banking Act of 1935:

Governor Eccles: . . . "In purchasing offerings of Government bonds, the banking system as a whole creates new money, or bank deposits. When the banks buy a billion dollars of Government bonds as they are offered—and you have to consider the banking system as a whole, as a unit—the banks credit the deposit account of the Treasury with a billion dollars. They debit their Government bond account a billion dollars, or they actually create, by a bookkeeping entry, a billion dollars."

Mr. Goldsborough: "By a sort of magic."

In like manner as the banks increase their deposits or create new money through the purchase of Government bonds, the banks also create new money—increase their deposits—by buying notes and other commercial paper from their customers.

Thus as our money supply is increased by the banking system creating new money—increasing their deposits—by purchasing Government bonds or notes or other obligations of their customers, so also is our money supply decreased by the banking system demanding payment of these notes or obligations and refusing to make new loans to take their place. In this connection I again quote Governor Eccles in the same testimony as quoted from above:

Governor Eccles: "When the community begins to pay its debt to the banks, it extinguishes money, deposits, currency, and if that process of deflation gets under way, it is more or less self-generating and it is very difficult to stop it. . . . "

In commenting on the crash of 1929, Governor Eccles further said:

"Banks . . . brought pressure upon all loans which came due during the period, and were forced to refuse new credit. They were bringing pressure to collect loans that became due, and to sell securities that they had, whenever they could do so without taking too large a loss. . . . Therefore, in an effort and under pressure to get liquidity, they froze themselves so completely that they finally closed the entire banking structure."

The above frank and true statements are from Mr. Marriner S. Eccles, Governor of the Federal Reserve Board of the Federal Reserve Banking System.

What an admission of the incompetency of our banking system!

What an indictment of our monetary policy, and what a crime that we should allow it to continue for even another day!

Why Should Congress Declare A Monetary Policy?

(Continued from Page 3)

tion should be about 145 billions without considering improved processes since 1929 figures. Our present production is estimated at 60 billions and an effective money supply of about 20 billions of demand bank deposits.

In the testimony of Robert H. Hemphill (hearing of 1935) a table was submitted showing that the ratio between the demand bank deposits and national income was equal to one-third of the production as estimated in the Department of Commerce.

His figures were as follows:

	Demand Deposits	National Income	Ratio
1929	24.3	81	3.3
1930	24	75.4	3.1
1931	21.3	63.3	3.3
1932	16.4	48.9	3.0
1933	15.2	46.8	3.0
1934	17.6	52.8	3.0
1935	18.3	52.9	3.0
1936	20.0 net	60.0	

Some of the tables of national production give larger amounts to the calculations involving additional forms of productions not employed in the Hemphill tables. This makes no difference in the principle established that the national production has a fixed relation to the actual money in actual circulation.

It follows that to attain maximum employment (and production) you must increase the money supply until all available employables are engaged in private industry.

CIVILIZATION'S MASTER

— By Robert H. Hemphill —

Former Credit Manager of The Federal Reserve Bank of Atlanta, Georgia

Holding the Purse Strings of Society, Rendering the Whole Community Dependent upon Them, the Money Changers Proscribe Every Man Who Dares To Expose Their Unlawful Practices

All over the front pages and through the financial sections of the newspapers is strewn the constantly repeated statement that because of the capital gains tax, or the undistributed profits tax, or because of New Deal antagonism to business generally, Capital has lost confidence, become frightened, and is "not flowing into the channels of commerce and industry," and because of this we have a constantly deepening depression.

If it were not tragic, it would be amusing to sit on the side lines and watch the skilled propagandists of the Money Changers advance an idea, designed to cover up the manipulations of their cunning masters, and by constant repetition finally embed it firmly in the minds of the unsuspecting public.

For months such a campaign has successfully implanted in official and unofficial minds alike the idea that there exists, in some unspecified cache, a vast fund of idle capital which, under more favorable circumstances would be circulating in the constant exchange of goods and services to the end that everyone would be busy at a remunerative job and living off the fat of the land.

There is just one expressive answer to that statement—vicious boloney!

Understand, I am not for either the capital gains or the undistributed profits tax. I believe that both are vicious in the extreme. The capital gains tax, I have always believed, was germinated in communistic pique and revenge directed at successful speculators by persons in the Administration who very likely never earned or had more than a modest weekly salary. The undistributed profits tax was, in my opinion, designed specifically to "get" Henry Ford—to destroy his enterprise or force it into the control of some of the many "Dillingers" of Wall Street.

These measures, together with other ill-advised proposals of the so-called New Deal, whose general philosophy dates back to Diocletian, the gentleman who put the disintegrating Roman Empire on the skids, unquestionably deter many possible new ventures which are the essence of progress.

The idea that a vast fund of inactive money exists somewhere, and that this situation is responsible for the present severe and rapidly deepening depression, is just a red herring drawn across the trail of the Money Changers, who have for more than a year constantly cancelled and taken out of circulation substantial fractions of our principal medium of exchange—that imaginary money—Bank Credit.

The checking accounts of the individuals, partnerships and corporations of the nation have been decimated by the commercial bankers of the nation some two billions of dollars more—probably nearer three billions, since January 1st, 1937, and we are having an orthodox, common, or garden variety of depression, nothing mysterious or unusual about it at all—just the same kind of depression we have had periodically since Congress, under the manipulation of these shrewd chiselers, abdicated and turned over to them its most vital function, the creation of money, the only mechanism we have for passing our goods and services from one to another.

There is, however, a great reservoir of imaginary money in the potential credit which resides in the capacity of commercial banks to lend credit to commerce and industry. All of this talk and propaganda about reassuring Capital is, in the final analysis, nothing more nor less than a statement that: If we are to have prosperity we must adjust our lives and actions to a standard which will be satisfactory to the commercial bankers of the nation, and after that is done, they may loosen up and grudgingly allow commerce and industry to function again by loaning them an imaginary but usable medium of exchange—bank deposits created by loans.

BUT commerce and industry will have to pay them a share in the profits for every dollar of this synthetic money. We cannot transact business, we cannot produce, we cannot employ labor, unless the commercial bankers permit us to do so.

If this is a new and startling thought to you who read this, you may well ask, who owns the United States, anyway?

The answer is very simple—the commercial banks.

In the language of a legislative commission of the New York Legislature—which should be burned into the consciousness of every man and woman in this magnificent country:

"In the opinion of your committee, no system was ever better devised so perfectly to enslave a community as that of the present mode of conducting banking establishments. Like the siren of the fable they entice to destroy. They hold the purse strings of society . . . thus rendering the whole community dependent upon them; proscribing every man who dares to expose their unlawful practices."

The reason, and the only reason we have unemployment, hunger and distress in this grand country, is that the commercial bankers who control the only mechanism for creating a usable substitute for money, refuse this essential medium of exchange and for this reason, and for this one reason only, this nation, endowed with resources almost beyond imagination, is idle, hungry, ragged and in distress.

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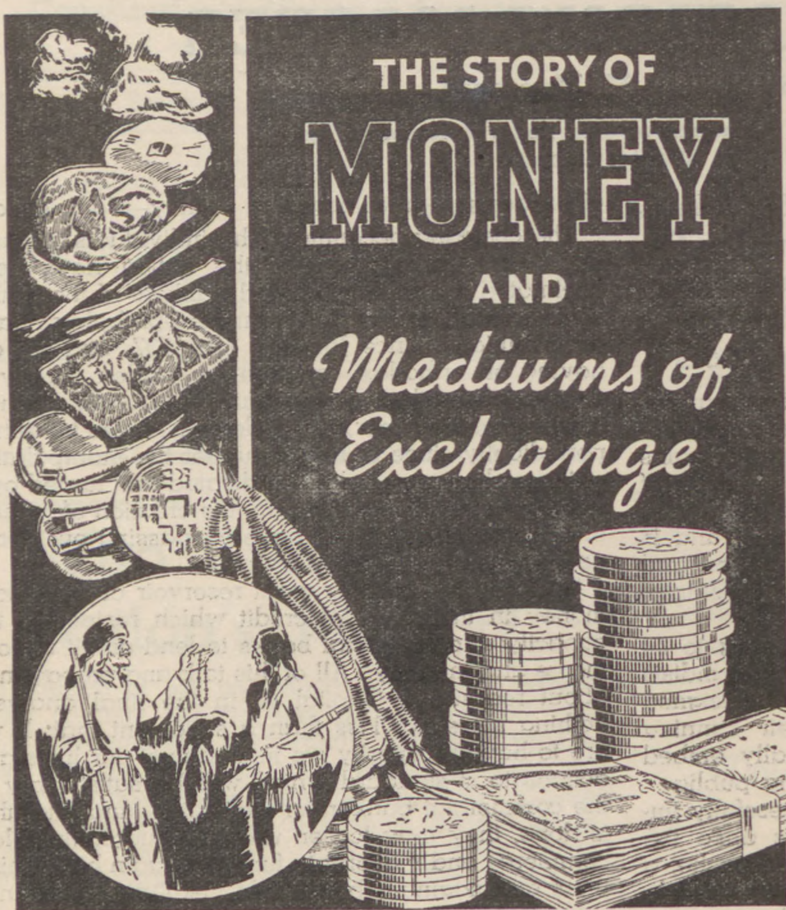


Various kinds of money our ancestors used from 1050 B.C. to date.

Money, we all want it. In spite of the fact that the Bible says—"the love of money is the root of all evil," we find good men as well as bad striving to get as much of that foul root as is humanly possible.

To many, money means wealth. This is true among civilized people only and to a limited degree only. Primitive man did not use money. He produced for himself practically everything he needed to satisfy his primitive wants. The savage of today uses and needs little or no money. You can't eat money. Of itself, it will neither give you shelter from the weather nor clothe you. Only where money may be used as a medium of exchange, where the desire for articles that neither you nor your immediate neighbor are capable of producing, is there any need for a medium of exchange. A million dollars on a desert island would be worth less than a pint of water. Thus we draw our first conclusion **—money of itself is not wealth.** It is of value only in exchange for necessities, comforts, or luxuries. According to tradition, cows were the first medium of exchange. It happened this way.

The right of a father to his daughter became established by popular opinion. The father had sheltered her, defended her, hunted and fished that she might not starve, and society decreed that he had a right to her labor and her companionship, if any. There was a growing public opinion against allowing some man to hit her over the head with a club, drag her off to his cave, and set up housekeeping with her, thus cheating the father out of some return for the services he had rendered in keeping her alive.

One bright young man solved the problem by offering the father of his loved one a cow in exchange for the girl.

Now a cow was something real, she could be used as a beast of burden, she gave milk, her flesh was good to eat, her hide made good loin cloths or offered shelter at the entrance of the cave or as a tent covering. Even her horns, attached to the head of a male member of the family, had the double value of an ornament and a charm against evil spirits; so the bargain was made and both sides were satisfied.

What the daughter thought is not on record, but she was probably greatly flattered and pretty snooty to the other girls who had been married by the old club and drag method. At any rate, 'tis said that the price of a wife was a cow for a considerable length of time.

Of course "the economic royalists" of that day who owned two or more cows could have their pick of the brides but there were still plenty of girls and any man who owned a cow or could, by any hook or crook, get hold of one, could be assured of a more or less happy home.

Having purchased his wife, he need not fear that the father or some male relative would lay in wait for him and take her away from him by force.

Whether cows became more

When the cow was a money unit. Bartering for the bride.

plentiful and the price rose, or brides became more plentiful and the price fell, is not recorded. Undoubtedly there were fluctuations just as there are fluctuations in the buying power of money, our medium of exchange today.

However the cow is still the unit of value in some sections of the Caucasus today. Other merchandise is referred to in value as one cow, two cows, or even one-tenth of a cow. Generally speaking, ten sheep are equal in value to one cow.

And here we come to a second fact about money. **When the supply of goods is greater than the demand, prices will be low. When the demand for goods is greater than the supply, prices will be high.**

In spite of anything that may be said against money, the use of a common medium of exchange has contributed more to the welfare of the human race than almost any other one factor.

For instance, one man and his family might be particularly skillful in hunting or the raising of crops. Another family might be skillful weavers. On the basis of barter, or exchange, the skillful weavers would have to go hungry unless the hunters and agriculturists wanted cloth and the hunters and agriculturists would have to wear skins unless the weavers happened to need food.

In olden times, nearly every man was born a slave—not free. It was necessary for him to give the Noble or Land Owner a certain amount of goods before he could gain his freedom or even leave the estate of his master.

With the coming of money, or a medium of exchange, the slave could sell his products where there was the most demand for them and turn the money over to his master in exchange for his freedom. Thus he could employ his time in those occupations to which he was best fitted and so gain his freedom more quickly.

The master was also better off because he could go into the open market and buy where his money would purchase most.

Metal working, cloth spinning, tanning, and other trades developed. It was found that these trades could be followed more advantageously by men living together in a settlement. Permission was given them to do this and cooperation in industry was born. This of course made a medium of exchange an absolute necessity.

Many of the cities of Central Europe were founded by groups of workmen who banded together for mutual benefit. These groups were called guilds. Hamburg and Bremen are among the most important of the cities founded by guilds.

Slaves bartering their crop to the Nobleman for their freedom.

ORNAMENTS BECOME MONEY

No characteristic of the human race is more marked than the love of personal adornment. Traders who traffic with savage and primitive people use bright beads and gaily colored fabrics as their medium of exchange. Primitive people will part with almost anything they own in exchange for articles they consider ornamental.

Bartering meat for a blanket.

Our love of jewels is probably a survival of the primitive within us. Some authorities say that clothes were first worn, not so much for the protection they afforded or from any sense of modesty, but as an ornament and a place on which to hang ornaments.

Therefore, nothing is more natural than that ornaments of various kinds should have been used as money. Such ornaments had value because there was a demand for them. True they were not useful as was the cow, but they were light, easily carried and could be made in small units and thus used as a measure of value for many different commodities.

The American Indians used this kind of money which was called "wampum." It consisted of beads —white ones made from the shell of the periwinkle and black ones from the black part of clam shells. These became fairly standardized as to size and were made into belts, necklaces and other ornamental objects. Even the white man recognized them as money and in 1643 the Massachusetts Legislature made them legal tender for the payment of debts up to forty shillings. They established a fixed value of eight for a penny for the white beads and four for a penny for the black ones.

Other colonies as far south as Virginia passed similar laws although the value of the beads was not exactly the same. For thirty years or more wampum was legal

Buying ivory with ornaments.

tender in this country. The white man became so expert in making these beads and it was such an easy matter to dye the white ones black and thus increase their value that wampum was finally outlawed as a medium of exchange.

Nearly two centuries later shell money was used in California. Traders in the northwestern part of the United States used blankets for money. The blankets had points woven into their edges, the best being four points and the poorest, one point. The unit of trade acceptable to all was a 2½ point blanket. Beaver skins and tobacco were also used as money in the early history of the United States.

Porpoise teeth, boar tusks, salt bars, nails, fish hooks, feathers, have all been used as money. In fact, some of them are still used by primitive races.

GOLD AND SILVER AS MONEY

Since gold and silver were first mined, they have been valued as ornaments. Rings for the fingers, toes, ears, and nose, bracelets, anklets, and a great variety of other ornaments have been made from these two metals.

Mixed with a small quantity of harder metal, they retain their shape, wear well, do not tarnish easily, and are easily restored to their original polish.

In about 1850 B.C. there was a great famine in Canaan and the Bible says that the sons of Jacob took money into Egypt to buy corn. Historians are of the opinion that this money was in the shape of rings, probably of silver. Metal discs or coins are of a later date.

The ancient Romans made these coins and the Emperors are said to have cheated not only on weight, but by mixing base metals with their gold and silver.

In Asia Minor, coins were used in 700 B.C. These coins were made from gold, silver, and from a mixture of gold and silver called "electrum." Bronze coins came into use about 600 B.C.

Only a small part of the business of today is conducted by the exchange of commodities. Paper money has replaced gold because of the fact that paper money is more easily conveyed. Heavy coins are becoming outdated just as were cows and other less convenient mediums of exchange.

The tendency to specialize in the production of goods grew. Mankind needed more and more the things he could not produce for himself and something of less weight and bulk than coin became necessary. You have probably been annoyed when you have had to take all silver in change even from a $5.00 bill.

Gold is no longer minted which makes our silver dollar the largest denomination in which we issue coins.

We have mentioned the fact that coins are too bulky and too heavy to transact the immense volume of trade today. Generally speaking, paper currency is used for the small local transactions; and checks for the larger, and for the transmission of funds to distant points. In fact, this form of check-book money, etc., comprises 97% of our medium of exchange today.

Probably the first paper money was used in China about 100 B.C. Our "bills" are of several kinds, the most common of which are U.S. Notes (greenbacks), Silver Certificates, and Federal Reserve Notes. Up to a few years ago, National Banks issued bank notes, secured by deposits of the bonds with the U.S. Government. The bonds so deposited were called consols and paid 2% interest. The U.S. Government has been destroying National Bank Notes as received, for several years and issuing new currency for the notes so destroyed. No more consols are issued and the National Banks no longer issue their own currency. The entire issuance of United States paper money is now in the hands of the Federal Reserve Banking System, a system of private banks.

Approximately $6,500,000,000 in money is in existence today in the United States, out of which about $1,000,000,000 of this money circulates. This is what we call pocket-book money or small change. The balance, $5,500,000,000, is deposited in the banks in time or demand deposits as part of the $52,000,000,000. The balance is banker-created money or check-book money.

FOREIGN MONEY

Trade between countries depends to a great extent on a comparatively steady ratio between the values of their currencies.

When the money of any country has a high comparative value, its exports naturally decrease because it takes more of the currencies of other countries to buy its products. When the comparative value is low, exports increase because it takes less of the currency of the purchasing country to buy the desired goods.

Sons of Jacob trading money (ornaments) for corn.

Robert L. Owen

(See Front Cover)

May it first be known that the executive management of the Constitutional Money League of America solicited the Honorable Robert L. Owen as Councilor-in-Chief of this national organization, first because of the great national crisis, when the greatest men must take leadership, and second because in his many years of public service, his record in behalf of his country and the cause of humanity has builded for him a monument of righteousness in the hearts of his fellowmen. Because of this exceptional fitness his counsel is sought in the Nation's Capital by Republicans and Democrats alike.

Mr. Owen organized the First National Bank in Indian Territory, now Oklahoma; was its President for ten years and has been its Director for 42 years. He was 18 years in the Senate of the United States, and voluntarily retired. He is well-educated, having the degree of Master of Arts and of Doctor of Laws and has for many years been a member of the bar of the Supreme Court of the United States. Above all, he has concentrated upon the questions of panic, depression, and credit and currency, and is an outstanding international authority upon these matters.

Immediately upon entering the Senate of the United States, he made a notable address on February 25, 1908. He then presented every principle of importance which five years later he wrote into the Federal Reserve Act when it was a people's bill. As Chairman of the Committee on Banking and Currency in the U. S. Senate, he framed the Senate Bill which, upon acceptance by the House of Representatives, became the Federal Reserve Act. Before framing the Act, as Chairman, he took over 1,000 printed pages of testimony from the leading farmers, businessmen, economists, bankers, and representatives of labor in the country. He foretold and protested against the processes causing the panics of 1921 and 1929-32.

Civilization's Master

(Continued from Page 5)

Why do not the newspapers, the champions of that bulwark of democracy, free speech, expose this absurd situation and demand of Congress that it recover its constitutional prerogative to issue the money of the nation and to regulate its value (which can only be done by regulating its volume)?

They have been intimidated by the commercial bankers who "proscribe every man who dares to expose their unlawful practices." There is not a merchant in the United States who would dare incur the displeasure of his local banker. There is not a merchant who would dare refuse to withdraw his advertising, without which no newspaper can exist, from any newspaper which incurred the local banker's displeasure and antagonism.

"No system was ever better devised so perfectly to enslave a community . . . They hold the purse strings of society . . . they proscribe every man who dares to expose their unlawful practices."

This is what is wrong with civilized society. This is the reason we have booms and depressions. This is the reason governments are impotent to advance the welfare of their respective countries. This is the reason behind the growing discontent with present social organizations.

There is nothing wrong with representative constitutional governments except that the bankers will not permit them to function.

There is nothing wrong with the capitalistic system, except that the bankers prevent it from functioning.

They have perfected their system of piracy so that practically no man, preacher, teacher, editor, or writer "dares to expose their unlawful practices." Entrenched in this seemingly impregnable position, they are no longer satisfied with interest on their imaginary money which they produce at no cost to themselves, and they now demand a lion's share in the profits.

Every dollar you have in your pocket or in the credit balance in your bank account was borrowed by someone from a commercial bank. If they foreclosed their short and long term loans, beginning tomorrow, at the end of this liquidation, there would not be a dollar of either cash or bank deposits in circulation. The deposits would all have been cancelled and the cash would all be in the banks.

If the commercial bankers are optimistic and create a sufficient fund of this imaginary money by their loans to commerce and industry, we are prosperous and the standard of living is constantly elevated.

If they are pessimistic and begin foreclosure of their loans, business declines; unemployment, bankruptcies and distress increase just as the volume of the imaginary money which they created shrinks.

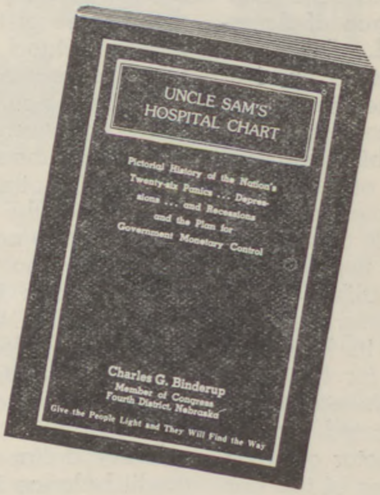
Our great inventive genius, our outstanding capacity for organization, our willingness and ability to labor and create wealth, our great and highly developed transportation systems, our splendid productive and commercial systems are all impotent in the face of the fact that the bankers "hold the purse strings of society" and that we cannot exchange our products and services without money or some usable substitute, and they completely control the issue of money and its only usable substitute—bank credit.

THE MONEY QUESTION SIMPLIFIED

Written and explained in simple language so that even a child could understand it

All Reform Must Wait On Money Reform

Price $1.00



Explained in this book are the principles of Government monetary issue and control as approved by the leading economists of America as well as of five nations of Europe.

Propounding the teachings and amplifying the warnings of BENJAMIN FRANKLIN, THOMAS JEFFERSON, ANDREW JACKSON, ABRAHAM LINCOLN, W. J. BRYAN, and SENATOR BRONSON CUTTING

It contains the plan and the bill introduced in the House of Representatives in the First and Second Sessions of the Seventy-Fourth and Seventy-Fifth Congresses by former Congressman Charles G. Binderup of Nebraska and in the First Session of the Seventy-Sixth Congress by Honorable H. Jerry Voorhis of California, Honorable John F. Hunter of Ohio, and Honorable Knute Hill of Washington; and introduced in the Senate in the First Session of the Seventy-Sixth Congress by Honorable M. M. Logan of Kentucky.

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The Constitutional Money League of America

The Constitutional Money League of America, a non-partisan, non-profit, non-political organization, was formed with a definite purpose in mind—that of **education** on the monetary question, a subject heretofore much neglected although it is so important that it has a direct bearing on the lives of every man, woman, and child of the Nation.

For years, in fact for the lifetime of our Nation, the merits of the old Rothschild theory of banking and finance, as brought to our country by Alexander Hamilton, have been taught to our people. Any dissenting theory or information was quickly and effectively "nipped in the bud" through the powerful mediums of press, propaganda, and lately radio, all of which are controlled, with little exception, by Wall Street.

Fear of any new theory has been instilled in the people's minds. These ungrounded fears must be dispelled and the unbiased truth brought directly to the people; and the Constitutional Money League of America has the effective program for such an educational campaign.

Following are the instrumentalities which will be used by the League in bringing information to the people:

1. **Text Book, "Basic Principles of Constitutional Money," for Schools and General Public.** This book gives the fundamental elements necessary for a thorough understanding of monetary economics. It is primarily for high schools but every American citizen would do well to read this book which gives a complete explanation of the money question in simple, factual form with bits of history having to do with the monetary problem and questions and definitions at the end of each chapter to further clarify the subject.
2. **Books and Publications on the Money Question.** The books, "Uncle Sam's Hospital Chart," the Congressional Breakfast Talk Binder, and the Text Book belong to the League and all profits therefrom go to further the program. Also available are the books of Professor Irving Fisher, Professor Emeritus of Economics of Yale University and internationally recognized monetary authority. Our list of available publications will include the works of Sir Arthur Kitson and Professor Soddy of England as well as Senator Robert L. Owen, Robert H. Hemphill, and many others.
3. **"The Constitutional Money Advocate,"** a monthly publication, will play an important part in the program.
4. **Radio.** Perhaps the most effective means of modern communication is the radio. Besides having conducted a series of Congressional Breakfast Talks over Station WOL, Washington, D.C., participated in by Members of Congress and monetary authorities, we expect to use this instrumentality for national broadcasts on educational programs as well as for rebroadcasting by electrical transcription the Congressional Breakfast Talks, which proved to be exceptionally interesting as well as informative.
5. **Study Clubs.** The monetary question will be studied and discussed in study clubs and other organizations over the Nation. Literature and information as well as interesting and nationally-known public speakers will be sent to these groups by the Constitutional Money League headquarters. This phase of the program will be developed just as soon as a strong foundation has been built upon which to form study clubs and organizations.
6. **Cinaudio and Electrical Transcription Records.** Study clubs can use the miniature, portable, broadcasting machine to reproduce electrical transcriptions of discussions and talks by outstanding monetary authorities of the United States and Europe.

What Do We Have As A Background And How Powerful Is That Force?

The National Grange with its 800,000 members declares in its Legislative Program for 1939, "The Grange stands for an honest dollar, a dollar that will be fair to debtor and creditor alike. Congress should give a mandate to the Board of Governors of the Federal Reserve System to manage the currency in such a way as to restore the average price level obtained between 1921 and 1929, and then stabilize the purchasing power of the dollar at that point"; also "that Congress shall exercise its Constitutional right to coin money and regulate the value thereof."

The National Farmers' Co-operative Council with its 1,700,000 members declared in their Legislative Program for 1939, "Be it resolved that the desire and objective of the National Co-operative Council is that our monetary system be so revised and currency and credit so managed as to establish and maintain the dollar with a constant purchasing power, preserving the equity of contracts by the debtor and creditor and avoid dangers and results that are inevitable involved in excessive and uncontrolled inflation or deflation. Be it further resolved that there be established a monetary authority and that this monetary authority be as largely as possible non-partisan and non-political."

The National Farmers' Guild with approximately 65,000 members has the following for its Legislative Program for 1939: "I. Restoration to Congress of the power to coin and regulate the value of money. II. Refinancing of farmers' indebtedness at a low rate of interest on amortized repayment plan, funds provided by Government issue of currency. III. Taxation based on ability to pay. IV. Abolishing the practice of issuing tax-exempt bonds."

The National Farmers' Union with its 250,000 members declares in its Legislative Program for 1939 as follows: "I. Restoration to Congress of the power to coin and regulate the value of money. II. Refinancing of farmers' indebtedness at a low rate of interest on amortized repayment plan, funds provided by Government issue of currency. III. Taxation based on ability to pay. IV. Abolishing the practice of issuing tax-exempt bonds."

The American Farm Bureau Federation with its approximate 900,000 members had its views on the monetary question expressed in a statement by the president of the organization in his annual address before 20th Annual Convention of the Bureau at New Orleans, Louisiana, when he said, "I am convinced further that we must have a commodity dollar and a managed currency in order to maintain our domestic price level on a stable basis."

Labor Organizations with their thousands of members are generally in favor of a Constitutional money system which would provide an adequate money supply to enable them to exchange the products of their hands and brains for the necessities to which they are entitled.

President Roosevelt said when first elected, "We must drive the money changers out of the temple," and "We are only interested in a dollar with the same purchasing and debt-paying power now and a generation hence."

"Social Justice" with its 3,600,000 subscribers and advocates, declares, "Restore to Congress its sole right to coin and regulate the value of money!"

The Progressive Party had as one of the planks in their platform for 1938, "The ownership and control of money and credit, without qualifications or reservations, must be under public and not private control."

Farmer-Labor Party declared in their platform for 1934, "Congress shall exercise its Constitutional power to coin all money and regulate the value thereof."

The Democratic Party stated in their platform of 1924, "We denounce the recent cruel and unjust contraction of legitimate and necessary credit currency, which was directly due to the so-called deflation policy started on May 18, 1920. . . . We demand that the Federal Reserve Banking System be so administered as to give stability to industry, commerce, and finance, as was intended by the Democratic Party which gave the Federal Reserve Banking System to the Nation." Again in 1932 the Democratic Platform carried the following plank: "We maintain the depressions of 1920 and 1929 were due to the indefensible contraction of credit for private gain at public expense (that is, by the banks calling old loans and refusing to make new ones) and we pledge the Democratic Party to preserve a sound currency at all hazards. We promise to restore property values and to endeavor to establish a dollar of uniform permanent debt-paying and purchasing power. . . . We approve the objective of a permanent sound currency established so as to prevent the former wide fluctuations in value, injuring in turn wage earner and creditor on the one hand, and the producers, debtors, and property owners on the other hand—a currency which will permit full utilization of the Country's resources."

The Republican Party had in their platform of 1932, "We pledge a sound currency at all hazards. We will restore to the Congress the authority lodged with it by the Constitution to coin all money and regulate the value thereof." Again in their platform of 1936 they pledged, "We advocate a sound currency . . . . We will restore to Congress the authority lodged with it according to the Constitution to coin all money and regulate the value thereof."

WHY?

WHY—when 90% of the people want to restore this Constitutional right to the people, WHY do we not succeed in passing this most important legislation?

BECAUSE, while 90% of the people agree on the desired objective, it is only natural that from a multitude that has been kept in utter darkness there should issue forth numerous ways and means by which to accomplish that objective—the unreal and the visionary plans mingling with the sound and practical plan—thus dividing the ranks and confusing the minds.

BECAUSE the International Bankers own and control the public press and fill it with false propaganda, and have succeeded in teaching even in the schools their false doctrine that money should be based on the people's **debts,** controlled by the **banks,** in place of on the Nation's **resources,** controlled by the **people.**

BECAUSE, while we know education is the foundation of Democracy, yet we allow ourselves to remain uninformed on this most important question.

BECAUSE the small minority, the International Bankers, are **organized** and **united** against the people's interests. They reap their profits in billions by controlling the people's money, which the people themselves should control according to the Constitution. The people's loss is their gain.

BECAUSE we have always lacked the power of union by co-ordinating our groups together in one great army for the people.

THEREFORE was organized The Constitutional Money League of America to hold aloft the Torch of Leadership.

If the people are given light, they will find the way.

Having agreed on the objective, we must now unite to bring power to our efforts.

In its educational work The Constitutional Money League of America endorses and intends to promote the "Program for Monetary Reform" (including the principles of Government monetary issue and control and 100% reserves back of demand deposits) sponsored by a group of the Nation's 250 academic economists under the leadership of—

Professor Paul H. Douglas, University of Chicago
Professor Irving Fisher, Yale University
Professor Frank D. Graham, Princeton University
Professor Earl J. Hamilton, Duke University
Professor Wilford I. King, New York University
Professor Charles R. Whittelsey, Princeton Uni.

YOUR QUESTIONS ANSWERED

EDITOR'S NOTE: *This column is set aside for answering the questions most often asked by our readers. Send in your question, requesting that it be answered in the Constitutional Money Advocate, and we will endeavor to answer it or a very similar question.*

Q. What seems strange to me is that in all your writing and talking about our money system, you never mention about how the Democrats have been putting the Nation in debt. Why not condemn the enormous debt which is being piled up on us?—J.C.B.

A. First I will have to explain what money really is. Money is created in this manner: You go into the bank and borrow $1,000. Now the banker does not have this money. It has never been stamped or printed. You are merely borrowing the banker's credit or his promise to pay. No money changes hands. You give a note as evidence of indebtedness and he hands you a check book.

"Oh," you might say, "I could get the money if I wanted it." Yes, a few could get the money, merely because the others **don't want it.** But there is only $6,500,000,000 actual money in existence, and the banks have loaned out approximately $52,000,000,000, and the balance is created out of thin air by the bankers based on their promise to pay; and your banker definitely relies on your not asking him to pay in actual money.

Exactly the same is true when Uncle Sam borrows money. He also gets a check book and checks on the International Bankers' credit. We don't get a cent of real money for our United States bonds.

In this way is created 97% of our circulating medium of exchange.

But, if all at once, the bankers say, "Come in and pay your debts," we gather up enough money and pay the note, and by this very act of paying our debts we take that much money out of circulation again!

So, if we all paid our debts, 97% of our money would disappear like the dew before the morning sun. Only the old Abraham Lincoln Greenbacks ($346,681,016) and silver money would remain, and this amount would soon become hoarded because of the enormous purchasing power it would have, due to its scarcity. You would be able to buy land for a nickel an acre and a penny a day would be a good wage for labor.

Under our present corrupt banking and monetary system of today, you must thank God for our debts.

Q. In reading your book, "Uncle Sam's Hospital Chart," I have wondered where is the plan for redeeming all this money you suggest putting out for Old Age Pensions, and the Rehabilitation of the Farmer back on his farm, and the $250,000,000 you propose to put out for education of children whose parents cannot afford the desired education, etc. —A. F. N.

A. We must **not** redeem our money. To redeem our money means to destroy it, and our money **must not be destroyed,** but must remain in circulation. The very thing that has caused our depressions is the destruction of our money or the failure of the banks who control our money volume, to keep enough in circulation to keep up with a growing Nation.

Q. So far as silver purchase is concerned, we are Simple Simons among the nations. If anyone has ever discovered a single reason why we should continue to buy silver at a fantastically high price, I would like to know it. —J. W. Q., Editor

A. In the first place, Mr. J. W. Q., **we don't buy silver**, we simply give a receipt in the form of a silver certificate in exchange for the silver. All silver costs us is the paper upon which the certificate or receipt is printed.

I hold in my hand a five dollar bill, a silver certificate. It costs the Government just 30 cents for $5,000, or in other words, just the cost of the paper on which the certificate is printed.

Notice the silver certificate and you will see that it reads, "This is to certify that there has been deposited one silver dollar in the Treasury of the United States," which simply means that some miner brought to the United States mint a certain amount of silver and received a receipt that circulates as money. And this is real money. It is a receipt for services or labor rendered. That is the way all our money should be issued, whether it be paper, gold or silver. It makes no difference on what Uncle Sam puts his stamp. It could be on white paper or yellow paper, or gold, or silver, or copper. It is the **stamp** that makes it money.

A silver dollar contains only 33c worth of silver. A gold dollar has only 35c of gold in it, and paper money has nothing in it but practically worthless paper; yet we are perfectly willing to accept the paper money. Why? Because it bears Uncle Sam's stamp, and is therefore legal tender for all purposes.

Yes, silver costs us nothing, while all our other money issued by the bankers costs us a billion dollars a year in interest, except Abraham Lincoln's old greenbacks, the greatest money of all. This money, like silver, is a receipt for services rendered by the soldiers of the Civil War, or someone who performed a service for humanity.

Q. I have always been much interested in the money question, but have not been able to understand your philosophy of the "commodity dollar." Why not just issue so much money per person or per capita, and as the population of the Nation increases, just estimate the growth each year, and balance it every ten years when the census is taken? —N. E. B.

A. Even after a circulating medium of exchange was first invented or used very little money per capita was necessary.

Less than a hundred years ago, if a man needed a suit of clothes, he would go out and catch a sheep, shear it, and in the evenings the family would wash it and filter the wool, spin it into yarn, weave it into

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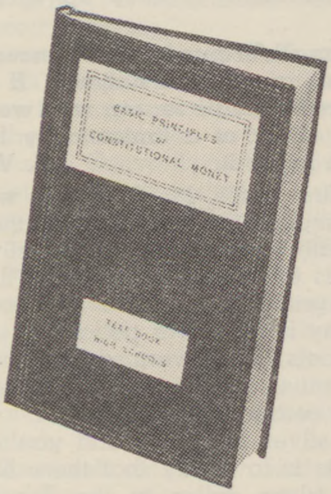
Basic Principles of Constitutional Money

By Mrs. Etta M. Russell

A Textbook for High Schools and the General Public



The Stable Foundation of any Democracy rests upon the enlightenment of its people. The youth of today is the Legislator and Executive of tomorrow. As water can never rise above its source, neither can a form of government be better than those who formulate and execute its laws.

Under present economic conditions the very existence of our Public Schools is threatened with financial failure. Because so many high school graduates are financially unable to secure a higher education, the masses of our citizens are dependent solely upon the high schools for their training for future citizenship.

No individual can successfully cope with economic conditions or aid in correcting inequalities inconsistent with Democratic ideals, who is not informed and familiar with the workings of ALL the important factors of PRODUCTION, DISTRIBUTION, and CONSUMPTION.

Of all the important factors in our present economy and of all our great public utilities, MONEY, by general admission, is the least understood. No doubt this accounts for the fact that, while every other phase of our economic life has changed, we are still using a monetary system used a century and a half ago, designed to facilitate PRODUCTION, the great economic problem of that time.

Present facts and conditions make it obvious that the problem of today is one of DISTRIBUTION. It is not logical to assume that a system designed **solely** for **furthering production** can successfully provide an adequate system for solving the problem of **distribution** in a highly mechanized age when the use of power and machinery has provided abundant production.

Heretofore little, if any, effort has been made to give high school students a simple, clear understanding of the operation of our monetary system. This has resulted in a widespread lack of understanding of one of the greatest factors in our scheme of distribution. Until the masses of our people understand our present system, they cannot assist in solving the problem of distribution and the periodic booms and depressions which afflict our Nation.

This book was written to supply this information in a style and manner which high school students can understand. Its twenty chapters can be covered in a period of four weeks in our schools.

When our youth have acquired these facts, they will not only be better prepared to cope with economic conditions confronting them as individuals, but will be better fitted to become intelligent Legislators and Executives in a Country capable of offering an opportunity for ALL. Well-informed, helpful individuals make up an efficient and progressive citizenry. —The Author

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The sound philosophy and principles taught in this book have been approved by the outstanding and leading monetary authorities of the Nation. The book will be printed and bound as soon as the textbook fund for publishing it is large enough. $5,000 will be necessary to print and place the book in the High Schools of the Nation.

All contributions to the textbook fund will be thankfully received. —The Editor

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Your Questions Answered

(Continued from Page 13)

cloth, and finally cut it and sew the garments. In the whole transaction no money was necessary.

But as we more and more commercialize all business, additional medium of exchange is necessary to carry on all the different steps or transactions through which material now goes before it is turned into a suit of clothing.

Suppose today, since the making of clothes has become commercialized, a sheep owner would want to get a suit of clothes. First he hires a sheep herder to take care of the sheep, then he hires a man to shear the sheep. He sells the wool to a local dealer and the local dealer hires the railroad to take it to the market where it is sold to a wholesale dealer in wool, who, in turn, sends it to the textile mills. Here it is woven into cloth. The cloth is sold to a tailoring establishment or factory where the garment is made. From there the garments are sold to a wholesaler, then to a jobber, then to a retailer, and then to the customer, the man who owned the sheep.

And thus twelve transactions are necessary, each one involving perhaps on an average the use of ten dollars, or in all, $120, (This amount, of course, is not the cost of the suit. It is merely the amount of money that must change hands in the process of

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NEUTRALITY

Radio Address by Charles G. Binderup, October 8, 1939

Good-morning, Everybody!

I have just recently returned from Washington, where I have been since last January. I want to tell you something about Neutrality from headquarters. I want to tell you about how the winds of false propaganda and hatred and revenge have extinguished the torch of reason in a premeditated plan to destroy our Neutrality.

It is a strange fact that descendants of any nationality retain for generations, an inherent, perhaps unconscious, love for the land of their fathers and the religious creed of their ancestors; and so it is only natural that the Jews should love their own and resent the persecutions of their people and their race by the German Dictator. And be it Jew or Gentile, there is not a fair-minded citizen but who will condemn Hitler for persecuting his own citizens, for the Jews are as much citizens of Germany as is any Gentile. These same people of the Jewish faith fought in the muddy trenches for Germany, as much as did any Gentile, in the World War; and let me predict, the very fact that Hitler has created a race hatred among his own citizens will mean the downfall of his dictatorship.

It was Abraham Lincoln who spoke those words so true "A Nation (meaning a people) divided against itself cannot stand."

It is a recognized fact that the banking business of the world is owned and controlled by the Jews, led by the Rothschilds. It is also a recognized fact that there are huge profits in war for International Bankers. Did not Hitler sin against the financial doctrine of the International Bankers when he put a Rothschild in jail and confiscated his property? Why friends, that alone would be enough to provoke a war. And when Hitler banished from Germany the ancient rights of the International Bankers they had held since 1815, or since Napoleon lost the battle of Waterloo, did he not sin once more against the beneficiaries of this privilege? Thus are the winds of hatred and revenge, wafted onward by the love for their race and kin and desire for financial gain, all tearing away at our neutrality which is standing in the way.

Let us reason well, unbiased and unprejudiced. Let us view the situation from the atmosphere of Washington, and then, my friends, I believe you will understand our Government has not yet been moved from New York to Washington, as President Roosevelt proposed.

Who are all these New York "big shots" who come to Washington so often? Well, there is Barney Baruch, the multi-millionaire of New York, former President Hoover's economic adviser, the representative of the International Bankers of New York. They say of him in Washington that he is the only man who can walk in to see the President without an appointment. Then there is Morgenthau, Sr., from New York, the father of Henry Morgenthau, Secretary of the Treasury, the multi-millionaire stockholder of Kuhn-Loeb and Company which is one of the largest International Bankers' Associations in the world. The Senior Morgenthau is a house guest of the President quite frequently. Isadore Lubin, also from New York, is at the head of the very important Statistical Department. To name some more there is Henry Morgenthau, Jr., from New York, the President's Secretary of the Treasury; Goldenwieser from New York, chief adviser to the Board of Governors of the Federal Reserve Board of the Federal Reserve Banks; and Cohen and Cochren, the President's chief advisers; and many other frequent visitors at the White House from New York. Perhaps it is the result of all the visits by these men from New York that there was appointed a War Industries Board in Washington of the same class.

Yes, it seems everything is perfectly in order. All we need now is just the war, and then we can go right ahead.

Let us take a further inventory. Just who are the men who have been appointed on this extremely important War Industries Board? Every one of them are close personal friends and business associates of J. Pierpont Morgan of New York, one of America's billionaires, the United States Representative of the Rothschild's Bank of England, a foreign billionaire corporation. There is Edward R. Stettinius of the United Steel Corporation, a J. Pierpont Morgan billionaire corporation; Walter Gifford of the American Telephone and Telegraph Company, closely allied with Morgan, and another billionaire corporation; John L. Pratt, director of General Motors, again a billionaire corporation, with both Morgan and DuPont stockholders; and John Hancock of the Lehman Brothers Banking Firm of New York City, the fourth largest International Banking Corporation of the World, also an intimate personal friend of Morgan's. Hancock? Yes, we in Congress, learned to know Hancock very well. It was he who led Wall Street's fight against us when we passed the Securities Exchange Act that held in check stock gambling and racketeering on the New York Stock Exchange. And who else is on the War Industries Board? George Harrison of New York, President of the Federal Reserve Bank of New York City, with his own committee to advise on war financial problems, (just as though we had a war). Who is his committee? Henry Morgan of New York, son of J. Pierpont Morgan; William Potter of New York, of the Guarantee Trust Bank, a Morgan bank of New York, with over two billion dollars deposits; and Frederick H. Ecker, New York, of the Metropolitan Life Insurance Company, another billion dollar corporation, whose policies are controlled body, soul, and breeches by Morgan of New York.

But that wasn't all. In order to give the International Bankers more complete control to dictate policies best for the banks, Morgenthau of the Treasury selected a committee to advise with him, not for the welfare of the people, but for the welfare of the International Bankers. If he had wanted to protect the welfare of the people, he would have selected a committee from the people or he would have taken this committee from Members of Congress, from the people's representatives. But let us take a further inventory of just who Morgenthau selected. First, there is W. R. Burgess, vice-president of the National City Bank of New York, the largest bank in the world (Burgess was formerly vice-president of the Federal Reserve Bank of New York, the head of the money octopus, the Frankenstein of the money power); second, Tom K. Smith, of the Boatsman's National Bank of St. Louis which bank ranks among the Nation's largest; and third, Earl Bailie, chairman of the Tri-Continental Corporation Investment Company, whose assets of stockholders run into the billions. Mr. Bailie is also a member of the Board of the banking company known as the J. and W. Siegleman Company, a banking concern combined and interlocked with other banking concerns, stockholdings, and directorates. With this atmosphere in and around Washington, you surely are not surprised, my friends, are you, that the special

(Continued on Page 17)

Congressional Breakfast Talks

Over Station WOL, Washington, D. C.

February 28, 1939

"Constitutional Money and Government Monetary Control."

between

Congressman H. JERRY VOORHIS of California.
Former Congressman CHARLES G. BINDERUP of Nebraska.

Introduced in the Congressional Record by Congressman KNUTE HILL of Washington.

March 7, 1939

"The Plan Whereby Fifty Million People Can Go to the Bank at the Same Time and Get All Their Money."

between

Senator GEORGE W. NORRIS of Nebraska.
Professor IRVING FISHER of New Haven, Connecticut.

Introduced in the Congressional Record by Congressman H. JERRY VOORHIS of California.

March 14, 1939

"Shall the People Take Over the Twelve Federal Reserve Banks Which of Right Belong to Them?"

between

Honorable ROBERT L. OWEN of Oklahoma.
Senator M. M. LOGAN of Kentucky.

March 21, 1939

"Are Political Platforms Mere Scraps of Paper?"

between

Congressman KNUTE HILL of Washington.
Congressman JAMES C. OLIVER of Maine.

Introduced in the Congressional Record by Congressman ED V. IZAC of California.

March 28, 1939

"Price of Commodities Is Determined by the Amount of Goods Offered for Sale as Compared with the Amount of Money Available Wherewith to Buy."

between

Senator GUY M. GILLETTE of Iowa.
Congressman JOHN F. HUNTER of Ohio.

Introduced in the Congressional Record by Congressman USHER L. BURDICK of North Dakota.

April 4, 1939

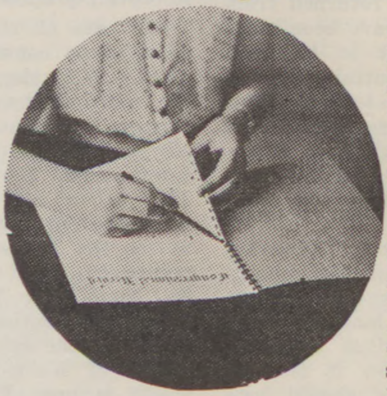
"That an Increase of the Quantity of Money Raises Prices and a Decrease Lowers Them, Is the Most Elementary Proposition in the Theory of Money."

between

Senator EDWIN C. JOHNSON of Colorado.
Congressman USHER L. BURDICK of North Dakota.

Introduced in the Congressional Record by Congressman KENT E. KELLER of Illinois.

Binder for Congressional Breakfast Talks



This attractive binder is a neat way to retain the printed Congressional Breakfast Talks in a permanent volume. As additional Talks are made by leading monetary authorities of the United States and Europe, they will be printed and punched for insertion in the Binder and sold for 10c each. The different angles and advantages of Government monetary issue and control and the plan for Constitutional money will be discussed in these Talks. This will be an especially valuable volume for public speakers and others.

Order your Binder and the first ten Talks TODAY. Price $1.00

April 11, 1939

"Incompetency and Inefficiency of the Board of Governors of the Federal Reserve Banks According to their Own Statement."

between

Senator ERNEST LUNDEEN of Minnesota.
Congressman ABE MURDOCK of Utah.

Introduced in the Congressional Record by Congressman JOHN F. HUNTER of Ohio.

April 18, 1939

"Raising the Price Level Gives Greater Profits To Labor and the Farmer."

between

Senator JAMES E. MURRAY of Montana.
Congressman KNUTE HILL of Washington.

Introduced in the Congressional Record by Congressman WALTER M. PIERCE of Oregon.

April 25, 1939

"Profits and Advantages in the Plan for Government Monetary Control to the Small Commercial Banks."

between

Senator LYNN J. FRAZIER of North Dakota.
Congressman HOMER D. ANGELL of Oregon.

Introduced in the Congressional Record by Congressman WILBURN CARTWRIGHT, Oklahoma.

May 2, 1939

"Necessary Additional Money Supply in Order to Keep Pace with our Growing Nation Must Be Put Into Circulation among the Lower Income Group To Create a Consuming and Purchasing Power."

between

Senator SHERMAN MINTON of Indiana.
Congressman ROBERT G. ALLEN of Pennsylvania.

Introduced in the Congressional Record by Congressman BERNARD J. GEHRMANN, Wisconsin.

May 9, 1939

"Paying the Government Debt with a Fountain Pen in the Hands of the People, in the Same Manner the Debt Was Created, with the Pen in the Hands of the International Banker."

between

Congressman BERNARD J. GEHRMANN of Wisconsin.
Congressman SAM MASSINGALE of Oklahoma.
Introduced in the Congressional Record by Congressman JOHN R. MURDOCK of Arizona.

May 16, 1939

"Paying the Government Debt with a Fountain Pen."

between

Congressman VINCENT HARRINGTON of Iowa.
Congressman WALTER M. PIERCE of Oregon.
Introduced in the Congressional Record by Congressman R. T. BUCKLER of Minnesota.

May 23, 1939

"The People Have Decided There Shall Be No More Banker-Created Money Panics. Twenty-Seven Is Enough!"

between

Congressman ED V. IZAC of California.
Congressman KENT E. KELLER of Illinois.
Introduced in the Congressional Record by Congressman JED JOHNSON of Oklahoma.

June 3, 1939

"Discussion of the Need of a Text Book on the Monetary Subject in the Schools."

between

MRS. ETTA M. RUSSELL of Decatur, Illinois.
CHARLES G. BINDERUP former Congressman from Nebraska.

15-Minute Speeches by
Congressman WRIGHT PATMAN of Texas.
Congressman JOHN E. RANKIN of Mississippi.
Senator GERALD P. NYE of North Dakota.
WILLIAM JENNINGS BRYAN of Nebraska.
(His famous "Cross of Gold" speech)

Your Questions Answered

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making a suit.) for the transactions that are necessary to turn out a suit of clothes that formerly required no money at all. (In this we have omitted, for lack of space, the twelve times transportation is used in getting the goods from one place to the next).

There are approximately 30 million men in the Nation. Suppose each man bought only one suit of clothes each year. If we had only **one** dollar in circulation for that purpose and each suit required, as above explained, the circulation of that one dollar 120 times, this would mean that one dollar would have to circulate no less than 3,600,000,000 times to complete the suits in their various stages for the 30 million men.

A dollar circulates on an average 50 times in a year, and this would mean that it would require the entire use of no less than $72,000,000 to make one suit of clothes for each man, where a hundred years ago it required no money at all and as we go along, commercializing the manufacture of goods more and more, it requires billions of more dollars each year added to our money supply.

These figures are, of course, very conservative, but it gives a vision just how and why we must add to our money supply.

There are nations in the Old World that have not increased in population for a hundred years, but they have rapidly commercialized industry so that millions of dollars are necessary where a hundred years ago not a cent was necessary.

Therefore, we must add to our money volume according to the demand or use for money as shown by our statistical bureaus and with the year 1926 as the base equaling 100.

Briefly, to answer your question, population is **not** an accurate indicator of the actual growth of our Nation. Governing by a price level contemplates and provides for all these different factors that enter into the growth of our Nation.

NEUTRALITY

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session of Congress was called to repeal the Neutrality Act?

But let not the spirit of partisanship, envy, or race prejudice enter into this. I have only told you the truth as it is in Washington. You cannot blame the Jewish people for seeking revenge on Germany. You and I would feel exactly the same way about it if our people, race, or creed had been persecuted in a like manner.

In the last World War the battle cry was, "Make the World Safe for Democracy." This time we could almost use the same slogan, slightly changed by past experience, and say, "Make the United States Safe for Democracy, by finding the way to give eleven million unemployed a place in our Nation where they can make a living, by finding the way to return to the farmers their farms and homes which have been taken away from them because our Government failed to protect the worthy weak against the greedy strong. Make the World Safe for Democracy by making our Nation an example to all Nations."

But the question is, shall we repeal the Neutrality Act and risk the danger of being involved in war in order to avenge Germany's persecutions? To us, as a nation, Germany has not committed one overt act, and we believe in Roosevelt's "good neighbor policy." Then why the repeal of Neutrality?

Those opposing the present Neutrality Bill in Congress have not produced one argument of the slightest significance to prove that their "cash and carry" plan and the repeal of Neutrality, as advocated by Big Business, would assure safer, and better neutrality. On the contrary, the repeal of the Neutrality Act would increase the dangers of involving America in war.

Has a single nation in the entire world ever complained about our Neutrality Act, which was passed about four years ago (in February 1936) as being unfair or unjust? Not a single one, until after the war started, and certain nations saw they could profit by the repeal of the embargo and thereby get an advantage over their enemies. Has there been a protest from our own citizens about this neutrality since the Act was passed? Not a single word, until the war started and Big Business, individuals and Cor-

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NEUTRALITY

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porations, International Bankers, and war mongers saw it was obstructing their potential ill-gotten war profits, and so started their false propaganda.

The repeal of the Neutrality Act **after a war has started** is a different matter. This is in itself an act of being un-neutral and plainly shows that we are taking sides in the war and are legislating accordingly.

In President Roosevelt's recent message to Congress and to the people by radio, in his efforts to justify the repeal of the embargo, he said, "The enactment of the embargo provisions had the effect of putting land power on the same footing as naval power, so far as sea-borne commerce was concerned." (And I want to add right here; why not, President Roosevelt? Why not give land power equal rights with naval powers? This matter does not concern us.) The President continued, "A land power could thus be assured in advance that a sea power would be weakened through the denial of its ancient rights of buying anything anywhere." But President Roosevelt, to repeal the Neutrality Act would give to sea power an advantage over land power. This legislation **in times of peace** is neutral but to thus legislate **during war** is un-neutral. And what business is it of ours, as a neutral nation, whether a sea power is weakened or a land power is weakened. If we are to be neutral we must take **no part on either side** of the contest.

Now let us reason further: Is it safer, is it better neutrality, is it fairer, to say to the belligerent powers at war in Europe, "We will sell both sides all the munitions and implements of war with which you want to murder each other and bombing planes, machine guns, and poison gas, so you can kill the women and children as well as men." That's what repeal of our Neutrality means. Or is it better to say, "We will sell neither side any war munitions nor implements of war." That's what our present Neutrality Act says.

Is it better neutrality, is it safer for our Nation and people; is it fairer to say to nations at war, "Come over here and buy all you want on the so-called 'cash and carry' plan. We will help you in your murderous warfare, and thereby invite the war with submarines and battleships to our very shores." That is what repeal means. Or is it better to say to them and give the same notice to the world, "Just don't come over here at all. Do your fighting over there; for we will not sell you shot and shell, cannons and bombing planes, poison gas and dynamite." That's what our present Neutrality Act means.

Isn't is unreasonable to say, "We will lend you money or sell you munitions on ninety days' time so you can kill more men, women, and children, and although you skinned us out of all the money we loaned you in the last war, we will now lend you more, and again ask the taxpayers of America to pay for your war."

Have we forgotten that the last war was fought in Europe to collect payment of the allied bonds to the International Bankers? Have we forgotten that this cost us the precious lives of over 125,000 young men who rest in Flanders Field, and $45,000,000,000 in cash that the American taxpayer must pay? Have we forgotten that in the last war we extended credit to England and France and other European powers to the extent of $22,000,000,000, which obligations they have repudiated and refused to pay, thus forcing the American taxpayers to pay for **their** war?

I can understand how a munition maker, an International Banker, or some one whose kin or friends in Germany are being persecuted, can vote or work for repeal of the embargo, but how in the world a farmer or anyone not included in this category, caring for agriculture, can favor repeal, is impossible to understand. The present Neutrality Bill is a **farmer's bill**, which works for the advantage of the **farmer**.

The repeal of the Neutrality Act would tell the warring nations to come over and buy from the steel corporations and munition manufacturers all they want with which to murder each other.

The present Neutrality Act says, "Come over and buy farm products and the necessities of life for your men, women, and children, but we are a Christian people who still believe in the Ten Commandments. If you are bound to murder, get your war material from nations less civilized. Democracy was founded on brotherly love and not strife and war."

It was in Washington, in the month of January, I was visiting in the elaborate office of one of the Nation's most influential men in our Government. In discussing with him the European situation, I was deploring the sad plight of the European nations, with their continuous wars or preparations for war, when to my surprise he replied, "But after all, Mr. Binderup, you must have noticed, and must admit, that the only nations that have prosperity are those in war or preparing for war."

When I now think of that incident and weigh these words after comparison with more recent developments, the past rises before me like a dream. I see, I understand now the twinkle in his eye and the expression of satisfaction on his face, as though he had just discovered a plan whereby prosperity could be brought back and a depression of twenty years' endurance, which had refused to be solved by the many other experiments, could be solved by following the pattern of the war mongers of Europe.

Yes, I also heard Senator Burke from my own state say over the radio on Saturday night, September 23, that to repeal the embargo would have a beneficial effect on business, that it would have a favorable effect on unemployment, meaning we could make money by assisting in the murderous warfare of Europe.

President Roosevelt said, when he signed the Neutrality Act, that it was a step in the right direction, meaning it was an improvement over the ancient international law. But he added that he didn't think our neutrality went far enough. But the ancient international laws, which merely suggested how to **carry on wars**, and made no attempt to **prevent conflicts** between nations, certainly is not going further in the right direction! I agreed with President Roosevelt. I, too, did not think we were going far enough. I wanted a neutrality act that provided for Government ownership of munition factories. I was on the committee in Congress sponsoring the Legion Bill which provided for the conscription of capital in case of war, and I wanted union wages for every soldier boy, for if there is anyone who is entitled to union wages, it is the boys in the trenches. I wanted to take the profits out of war, and believe me if that bill were in effect today, there would be no war. Friends, if you **conscript capital**, you can't have a war!

We must have a neutrality bill that says to Morgan, the symbol of selfish greed, "If you think this country, where you have made your money, is not good enough to invest it here, look to the nation where you invest for your protection. But don't try to make a collector out of Uncle Sam and gun fodder out of our young men in order to collect your otherwise worthless bonds." I was on the steering committee of the Ludlow Bill that provided no man dressed in a soldier's uniform could cross the boundary line of the Nation without a referendum vote of the people. And some day, my friends, we will have this kind of a neutrality law. If the Democrats and Republicans won't give it to us, why not get a Progressive Party or a Farmer Labor Party that will!

UNROBING THE GHOSTS OF WALL STREET

1. Fifty-Cent Dollars **3. Inflation** **5. Machine Age**
2. Fiat Money **4. Periodic Cycles**

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Inflation, but history is crowded with the chronicles of Nations that died of **Deflation.** The French Assignats, the German Marks, the American Continentals and depreciated Greenbacks were all instrumentalities in the hands of the International Bankers, created by themselves in their ruthless plan to rule or ruin.

Then why this ridiculous exaggeration and magnifying of the word INFLATION, when our nation is chronically afflicted with DEFLATION?

Ghost Number Four
PERIODIC CYCLES

Yes, the big bankers will tell you, and argue, to support their contention that these depressions, money panics, and recessions are cycles; that it is just too bad, but it can't be helped; it is destiny going onward in its ruthless way.

In other words, they blame God Almighty. They say it is He who periodically visits these scourges, catastrophes, and years of misery and want on his people. Alibis have always been the subterfuge of tyrants and criminals.

In the minutes of that nefarious, secret meeting of the big bankers which has gone down in history as the Crime of May 18, 1920, on page seven, the President of the Federal Reserve Banking System, W. P. J. Harding, spoke as follows: "We all know if the bankers in any community, large or small, were to clamp the screws on tight, they can bring disaster to any community which might spread to other communities." So these bankers did understand. They did know that they could so easily create one of the "cycles" for which they were blaming God Almighty, although several small bankers present objected strenuously and warned against this procedure. Of course they knew, for was not this meeting called for the very purpose of creating a cycle of money contraction?

And everyone knows just how the depression or "business cycle" starting August, 1929 was brought about, and also the recession of 1937. Why, the chairman of the Board of Governors of the Federal Reserve Banks openly admits they caused the Cycle or Depression of 1937, and so everyone knows there never was a depression or "cycle" that was not caused by the money manipulators, or rather by our childish, ignorant, dishonest, incompetent money and banking system, so contrary to the Constitution of the United States.

AND SO, WHEN EVERYONE KNOWS THAT THIS IS A FALSEHOOD, WHY THIS FOOLISH TALK ABOUT "CYCLES"? WHY THIS SACRELIGIOUS SUBTERFUGE OF BLAMING GOD ALMIGHTY?

Ghost Number Five
TECHNOCRACY or the MACHINE AGE

Without a doubt, the Wall Street Ghost that has most adherents to the belief of its genuineness is the "Technocracy" or "Machine Age" Ghost.

That machinery does away with much labor sounds reasonable when we see the tractor and combine on the farm replacing thousands of farm laborers, the type-setting machines and automatic printing presses doing the work of hundreds of men, the 100-car freight train run by three men, etc. We imagine that all the labor which has been replaced by machinery is now in the idle class. Where else have all these men gone?

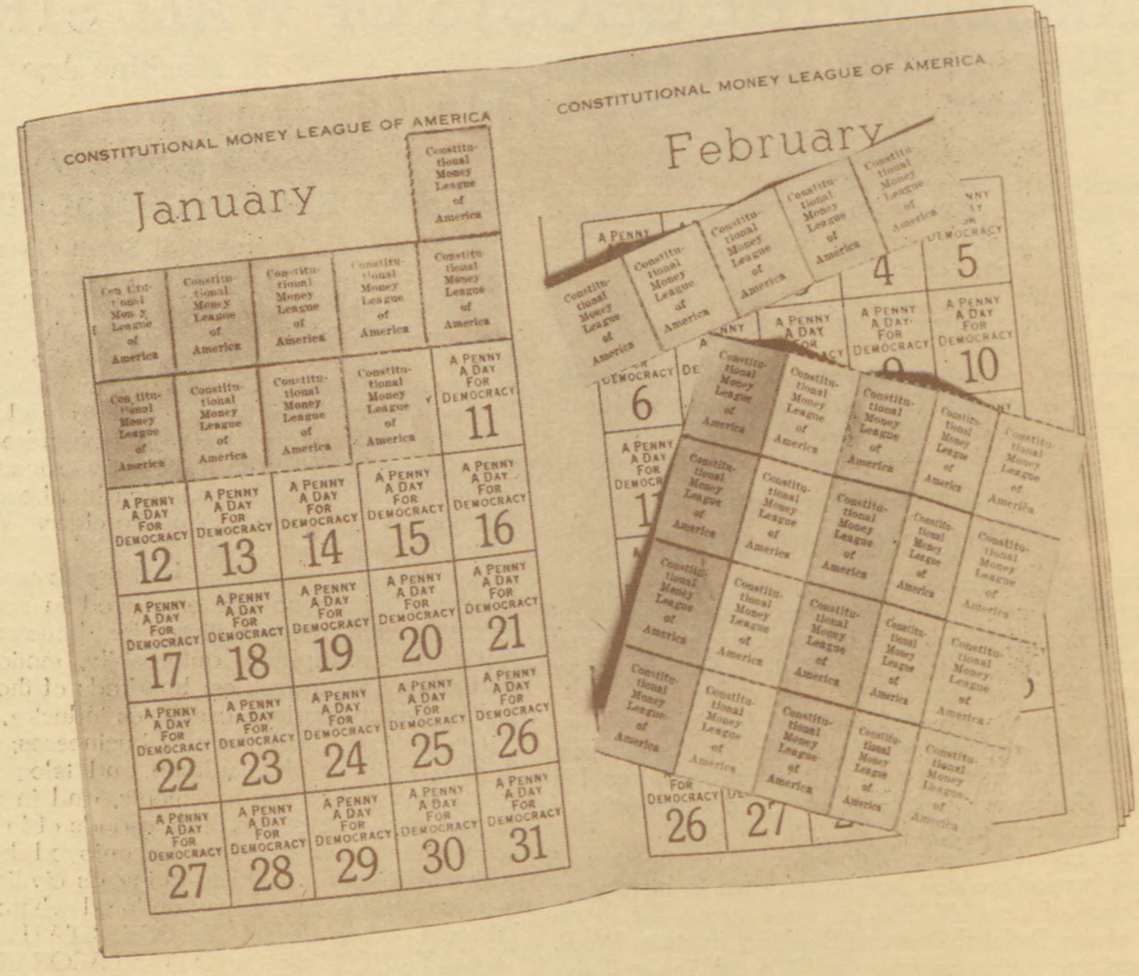
But have you taken notice of the several hundred thousand men who are employed in radio manufacturing and broadcasting, the thousands in the refrigeration, airplane, automobile, motion picture, and other new industries; hundreds of thousands in ladies' beauty parlors, cosmetics industry, and making machinery for these new businesses; thousands in the business of telephone and telegraph, good roads and public improvements, and in the manufacture and distribution of thousands of luxuries and amusements we have never enjoyed before and which we have a right to enjoy as civilization progresses. Have you ever wondered where all these laborers came from? LABOR STATISTICS ACTUALLY SHOW DEMAND FOR LABOR **INCREASES** WITH THE INVENTION OF NEW MACHINERY.

But let us just judge from our own knowledge and use the past as our guide. In 1774 Benjamin Franklin, in his Autobiography tells how the previous **prosperity** of the Colonies had turned into **poverty,** with the streets of the villages filled with unemployed. **We had no machinery then.** They wove and spun their garments in the homes with hand-made spinning wheels and hand-made looms. But Franklin also shows that this unemployment was caused by Rothschilds of England who took from the Colonies their money called "Colonial Scrip." And this was followed by the money panics of 1789, 1798, 1803, 1809, 1814, 1818, and 1825.

Skipping the other depressions, let us turn to the year 1869, the worst depression, although it lasted only three years. History records the one day as Black Friday, when the Nation stood still and all business was suspended. We had very little machinery then. People harvested with a scythe and the women raked the fields by hand. Horses or oxen were the main motive power. Yet we had the greatest depression recorded in history up to that date.

Be not deceived! Machinery is a **blessing** and an asset to our Nation, regardless of what it may appear to be on the surface or what you have been led to believe!

All of these matters are discussed in the book, "Uncle Sam's Hospital Chart," and will be discussed from time to time in the "Constitutional Money Advocate."



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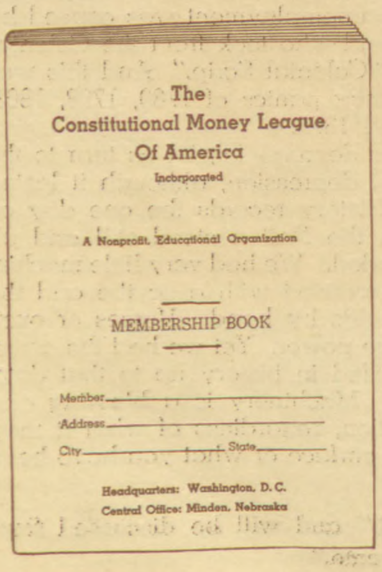

There is no greater moral duty that confronts you today than to become an active, informed citizen, and member and contributor in this great national plan for education on the money question.

There is nothing new about the plan for **government** monetary issue and control. It is the old philosophy of Benjamin Franklin, Thomas Jefferson, Andrew Jackson, Abraham Lincoln, W. J. Bryan, Senator Bronson Cutting, and every recognized financial authority.

The question is before us: Shall we, the people, issue our money and control our money system, or shall we let a certain privileged class of international bankers control our money? Shall we continue, as in the past, with a money panic or depression every six years, or shall we eliminate these and have continuous prosperity? Shall it be the rule of gold or the golden rule?