ADDRESS TO CONGRESS
BY THE
American Monetary League
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On every hand we find increasing proof and testimony to the existence of a deeply rooted public opinion that the existing monetary, banking and financial system is either fundamentally unsound in many particulars, or that its administration is so faulty and perverted that it causes continual widespread injustice and at times almost a total collapse of the industry and commerce of the people.

Any inquiry into the truthfulness or falsity of this widespread opinion is a matter of great public concern, and Congress may wisely encourage the bringing forth of evidence and argument that would appear likely to throw any additional light upon the subject, and give suitable consideration to every measure or suggestion offered as means of relief, if the current public opinion is ascertained to be well grounded.

The American Monetary League is an organization founded in 1906, working to the advancement of certain changes in monetary, banking and financial affairs and since all of such subjects are matters with which Congress has much bearing, we desire to briefly set forth for your consideration
some general propositions and arguments dealing with fundamental policies that we believe should be continually kept in view and attained as rapidly as possible, together with certain specific measures that we believe suitable and feasible for present incorporation into law and actual operation.

MONEY AS A PUBLIC UTILITY.

In all ages and nations, from the earliest days of civilization to the present, the medium of exchange, or money service, has been one of the most vital of public utilities and its importance increases with the progress of civilization. The securing of such service by a just and equitable system is imperative for the advancement of both the individual and general welfare.

The money service being essentially more of public than of private nature, it is evident that it should be secured more by public rather than private methods. Individuals or corporations cannot be safely entrusted to provide this service, for the experience of all nations, including the United States, bears ample evidence that such power, when delegated in whole or part to private individuals and corporations, will almost invariably be used by them to further their own selfish ends rather than the general welfare and sometimes in direct opposition to the general welfare.

CONSTITUTIONAL RECOGNITION OF MONEY.

Governments in all times have given some recognition to this fundamental truth
and the coining and issuing of money has been universally decreed to be a prerogative of the highest governing bodies only, and all governments have thus been charged with the duty or have assumed the obligation to furnish a system of money adequate to the needs of their people, though often falling short of fulfilling such obligation.

In accordance with the principle of vesting in the highest legislative body the power and duty of providing the medium of exchange, the Constitution of the United States grants to Congress the power and duty of providing the money system of the country and it is not within the rightful province of Congress to abandon such duty or to delegate its power to private individuals or corporations.

As one of its most important functions Congress should provide an adequate money system, supplied and controlled in such manner as would tend to establish justice and promote the general welfare.

**EVILS OF PRIVATE AND CORPORATE POWER.**

Existing evils in the monetary system are not due to any lack of essential or fundamental truth in the principle of delegating such power and duty to Congress, but to the fact that Congress has failed to discharge its full duty and has in part delegated it to others, and, by its neglect, has in part compelled the money service to be provided in such other manner as the people could devise or secure, however inadequate such methods may be to meet the require-
ments and however subject to unreasonable or unjust extortions and conditions, exacted by those private individuals and corporations who furnish it.

The failure of the government to provide an adequate public system of money has permitted, even compelled, private individuals and corporations to invade a field that should be exclusively governmental. A money system being a public rather than a private institution, it is inevitable that the furnishing of any considerable portion of it by private persons or corporations must bring with it the evils that would attach to such contradictory situation and which will remain in one form or other so long as the government either neglects to provide a full public money system or delegates its power to private individuals or corporations.

TRUE RELIEF ONLY BY MORE PUBLIC ACTION.

Permanent and sure relief from existing monetary and financial evils cannot be obtained by any abandonment of the public principle in money, but by its more complete acceptance and by an enlargement of the scope of its practical application to such degree as would be necessary to secure a thoroughly public system, and thus relieve the people of what has become in great measure an absolute dependence upon the demands of private individuals and corporations whose selfish interests are often in direct opposition to the welfare of the people.
PRIVATE AND CORPORATE EFFORTS TO CONTROL.

Partly through lack of realization of the inherent public nature of a money system, with the consequent necessity for its being fully public, and partly through the scheming of private individuals and corporations who can see in the abandonment of money as a public institution the opportunity for selfish aggrandizement of wealth and power, various policies are being advocated that would result in a further destruction of the public power and a further extension of individual and corporate domination.

NATIONAL RESERVE ASSOCIATION PLAN.

Among these efforts to still further deny and obstruct the public sovereignty over the money system, the proposed "National Reserve Association" commonly known as the "Aldrich Central Bank" plan, stands out as probably the most sweeping attempt ever made in the United States to transfer the money system from a basis that still remains at least partly public to a basis to be determined only by the greed and avarice in control of the vast centralized and irresponsible power inevitable from the general provisions of the National Reserve Association plan.

Though it may be supported by great wealth and all the power of predatory selfishness at its command, it is almost inconceivable that such measure will be favorably or even seriously considered by Congress. The creation of such a gigantic "Bank-
ing 'Trust' will but increase the power and domination of individuals and corporations that are already too powerful and still further subject the general welfare to the advancement of the selfish interests of those who largely neglect the general welfare in using their present measure of power and influence.

We denounce and condemn the general provisions of such measure and all similar plans for any abdication of the public principle in money, or for delegating to private persons or corporations the governmental functions of providing an adequate money system, as being contrary to true financial science, in opposition to the provisions of the Constitution, hostile to the general welfare and calculated to fasten upon the people a private and corporate money oligarchy that would speedily become all-powerful and exercise an absolute control and dictation over all phases of our National and individual welfare.

BROAD DEFINITION AND SCOPE OF MONEY.

As it is true in other lines, so it is true that the development of exchange in the past century has effected a corresponding development in the medium of exchange and the Constitutional provision "to coin money, regulate the value thereof" requires far wider application of measures and methods than was necessary during the early days of the Republic.

Those who would take from the government the power of providing the money
system do not as yet openly deny the sovereignty of the government in such respect, but they are skillfully seeking to accomplish their purpose by preventing the consideration of the money system in the broader aspects made necessary by the progress of a century and by their efforts to inculcate a general belief favorable to an extremely limited construction of what constitutes money. Under cover of such false belief, they expect to have the people unconsciously surrender to them the actual power and control of the entire money system, carrying with it the control of wealth production and distribution.

"CREDIT MONEY" AN ESSENTIAL PART.

In the earlier days of the nation coined money alone largely fulfilled the needs of an exchange medium but at the present time coined money occupies a very small section of the monetary field and does a very small proportion of the monetary work.

The bulk of business today is transacted by the use of various forms of "credit money" having no tangible existence except in the form of records and accounts and for a money system to be thoroughly public it will be necessary to have a more public organization of this "credit money," regulated and controlled by the government as an essential part of the money system.

NECESSITY FOR MONEY SERVICE AT COST.

The maintenance of an adequate money
system being, in the final analysis, more of a question of scientific book keeping than of either coinage or circulation, the actual economic expense involved is but very small. As in all public utilities, such service should be provided to the people at actual cost and such goal should be attained as rapidly as circumstances and conditions permit.

GOLD AND SILVER A RELIC OF BARTER.

Gold and silver money is a lingering relic of primitive barter and an absurdity in modern financial science. Unsuitable for general circulation, they are also totally unable to serve as a basis for an adequate paper currency. Coin redemption, except when the equivalent in actual coin is held for redemption, is not only a physical impossibility, but in all practical financial and commercial operations it is entirely unnecessary. Common usages unites with various ingenious legislative devices to make coin redemption useless and to continually sidetrack its fulfillment. The continuance of the redemption fallacy not only serves to cause trouble and confusion in the present operation of the money system, but it serves to obscure the real truth that sound money depends for its stability upon volume and adaptability rather than upon the quality and character of the material used in its coining.

The time is not far distant when the coinage of gold and silver, or any other precious metal, will be wholly abandoned except as may be advisable for a convenient subsi-
ary coinage. Pure paper money, a full legal tender for all debts, public and private, not redeemable in or dependent upon metal, will be more economical and better fulfill all the requirements of a circulating currency.

**ULTIMATE ENDS IN VIEW.**

As an organization we favor and approve of the establishment in full of the following monetary and financial policies:

A—The discardment of metallic money except for subsidiary coins.

B—A circulating paper currency issued exclusively by the government and not dependent upon or redeemable in gold, silver or any other precious metal.

C—The abolition of all power of private or corporate banks to discount upon a margin of cash reserve.

D—Establishment of a complete system of government banks as a place for the deposits of the people and as a mechanism for the making of direct loans to governmental subdivisions, corporations and individuals, upon adequate security and to the largest feasible extent.

E—The abolition of the vast bulk of all interest charges by furnishing the money service direct at actual cost.

**PRESENT DAY SUGGESTIONS.**

But, while we favor the above principles and policies, we recognize that such ends, however desirable, will require years to accomplish and must necessarily come gradually. Confident of their ultimate and full attainment, we submit the following sug-
gestions as being practical present-day measures of relief and improvement and urge that they be speedily enacted into law and operation.

1st. That the so-called National Banks be prohibited from further issues of their circulating notes.

2nd. That the present volume of such notes, together with the outstanding United States Notes, be retired and replaced with a like volume of uniform National Money, a full legal tender for all public and private debts and not dependent upon or redeemable in either gold or silver.

3rd. That the interest bearing bonds now held as security for National Bank Notes be cancelled and retired in like volume.

4th.—That private and corporate banking institutions be required to hold all of their legal cash reserves in their own vaults and not as deposits with other banks.

5th. That the National Money to be issued to take the place of National Bank Notes and United States Notes all be made available for the legal reserves of banks, in like manner as gold and silver coins and coin certificates.

6th. That the proportion of legal reserve required as a protection to bank deposits shall be adjusted in such manner as will prevent any undue inflation or contraction of total banking power.

7th. That the National Banking laws be amended so that local banks will have more
power to loan their deposits upon mortgage security in their own vicinity, instead of being practically compelled to redeposit them with other and distant banks, as is often the case at present.

8th. That the National Banking laws be amended so that it would be impossible for any person to be an officer or director in more than one bank and to effectually prohibit any bank from directly or indirectly establishing any branches or holding any stock in other banks.

9th. That the Postal Banking System be extended as rapidly as possible, the interest rate upon deposits be increased to three per cent per annum and a convenient form of postal currency be provided for the transmission of small sums by mail.

10th. That the deposits in the Postal Banks not be deposited in other banks for their exploitation, but be invested by the government in the bonds of the nation, states, counties, cities, or other sub-division of government having power of taxation, or loaned out upon such securities, any profits arising from such loans to go to the credit of the government.

11th. That the monetary, banking and financial system in general be conducted upon the basis of a recognition of the average purchasing power of money, when compared with prices of average products, as being the only true indicator of the stability of money, that will help to maintain such stability without undue inflation or contraction, and that will be responsive to the
needs of the people, as indicated by the movement of prices and as necessary to maintain the stability of average prices.

12th. That a separate and distinct department be created by the national government, such department to have charge of all matters pertaining to banks, banking, coins, currency and other subjects directly related thereto.

While you may not agree with all of the foregoing general declarations, arguments and specific propositions and perhaps find much in them to which you will not give approval, they are honestly and candidly presented to your consideration as outlining and upholding the general direction that we believe our monetary and financial legislation should pursue in order to have our money system best perform its part in the advancement of the general welfare. They are submitted to your judgment with the earnest request that they be thoroughly and impartially investigated, in the confidence that such investigation will serve the double purpose of emphasizing every measure of truth they may contain and disclose the nature and extent of such errors as may have been unintentionally embodied.