

EDITORIAL

THE CONFLICT OVER THE CURRENCY BILL.

By DANIEL DE LEON

AFTER weeks of wrangling, brangling, jangling—a jangling, brangling and wrangling that more than once threatened a “rough house”—the Democrats of the House Committee on Banking and Currency rejected all the amendments that the Democratic “Insurgents” on the Committee endeavored to “improve” the bill with.

What was the nature of those troublesome amendments that demanded the whole power of the Administration to squelch, and that earned for their proposers the title they are proudly bearing of “Radicals”?

One set of the amendments typifies the rest. The set is collectively known as the “Ragsdale-Henry amendments.” These provided that the paper currency, which the proposed Federal Reserve Banks are to be empowered to issue, shall be issued, not on metallic values only, but also on cotton, corn and wheat held in warehouses.

Paper “currency” is the latest link of a long monetary evolutionary chain—a chain in which economics and sociology are as closely interwoven as veins are in flesh.

These are the links:—

- 1st. Values (wealth) are the product of Labor;
- 2nd. Profits (gains) arise from withheld wages—the surplus value produced by Labor, but kept by the Employer;
- 3rd. Commerce produces no values; it only exchanges values. Seller and purchaser swap value for value;
- 4th. The merchant’s (manufacturer’s) gains (profits) are in his pockets before he sells. He got his gains during the process of production, which includes transportation and distribution;

5th. Sale only liquidates the merchant's wealth (which, of course, includes his gains) by transfiguring the wealth into one species of merchandise, to wit, the precious metals, gold pre-eminently;

6th. The singling out of gold as the one merchandise into which to translate and transfigure wealth flows from the commercial necessity to transfigure and translate wealth into a commodity, that is, article of merchandise, that combines the qualities, first, of intensified value; secondly, of being easily carried; and, last, not least, of being indefinitely divisible;

7th. The commercial facilities, attained by the economic evolution of gold (the precious metals) into the medium of exchange, led to a further step, productive of still greater commercial facilities,—the creation of “coin,” or metallic currency.

8th. Coin, metallic currency, saves the dealers the trouble of weighing the metal at each transaction. The coined metal carries its weight, hence, its value, stamped upon its face; finally,

9th. The increased commercial facilities, attained through the creation of metallic currency, led to still another step, in turn productive of still greater commercial facilities,—the creation of paper currency.

The economic reasons which designated the merchandise gold (the precious metals) as the medium of exchange, and which, combining later with the sociologic development that made the creation of coin possible, dictate the nature of paper currency, to wit, the shadow of metallic currency, or authorized bullion.

Paper currency needs must be the evidence of the existence, to an equal amount, of metallic currency. In other words, paper currency needs must be planted on that one merchandise, and only that, which economic and social evolution have combined to distinguish as the one medium of exchange.

The Ragsdale-Henry proposition to base a paper currency upon cotton, corn and wheat amounts to a motion to reconsider the dictates of the evolution of currency. Many a reconsideration of many a principle of general modern acceptance would be healthful; indeed, the revolutionary pulse of our generation is moving many such reconsiderations. What, however, the unhealthy nature of the Ragsdale-Henry amendments is transpires from the fact that, no sooner were those amendments presented, than the representatives of the peanut interests demanded that peanuts

be made, together with cotton, corn and wheat, a basis for currency issues. And then the trouble began to brew. The stomach of the Committee had eaten economic “green apples.”

Money must go. It is a fetid suppuration of private production for sale. But “Money” can go only when the economic system which suppurates it has been stamped out. Until that day, the day that Socialism is urging on, Ragsdale-Henry “radicalism” is the radicalism of the mule backing a cart down a precipice.

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