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## THE MONEY POWER

Extracts from a Speech  
by  
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It will be well in the very beginning of this speech to correct the error so prevalent among the people that populists are opposed to all banks and banking systems. Like every other tenet of the people's party its position on banking, as well as upon the money question has been persistently misrepresented by the public press. Populists are universally opposed to banks of issue, but recognize the legitimate functions of a bank and prize them as highly as any one.

### The Populist Banker

For a concrete example, let us take this beautiful little town. There are some twenty different kinds of businesses carried on here. Every day, I am informed, there are about \$3,000 in money paid in to these business houses, some days many times more. All these business men want some safe place to keep that money until it is sent off to buy more goods. They take it to the banker who agrees to safely keep it without charge and pay it back on demand. The banker performs a useful act. He has constructed a place where the money is measurably safe from robbers, and he charges nothing to the depositors for this service.

The experience of centuries has taught the banker that there will always be a certain per cent of that money in his vaults and that while he has agreed to pay every dollar of it back on demand, he can safely loan out a certain part of it and in that way he gets pay for his services. All authorities upon banking agree that it is not safe for the banker to loan more than 75 per cent of these deposits, and when the national banking law was first enacted the banker was obliged to keep a 25 per cent reserve.

So far the banker is an honorable and efficient servant of society, and is doing as much toward the upbuilding of your community and town as any business man in it. But he does even a greater service. There was a young man in this town, so I was told, today, who was a miller. He had been working at that trade for some years, was prudent and frugal and had saved about \$3,000. With that amount of money he could dam the stream nearby, and put up a mill that would be a great accommodation to the farmers and the residents in the town. Such a mill would tend to bring trade to the town and help build it up—help your schools and your churches—but \$3,000 was not enough to put in all the machinery needed and furnish money to run it. Here the banker, who was a man of prudence and business ability, looked the whole matter over. He was convinced that the young man was honest, knew his business and that a loan to him was safe. So he set the young man have \$1,500 and the mill was built and has now been running for three years. The loan has been repaid, the young man has built a nice residence in your town, his children attend your excellent school, and he helps support your churches, all of which would not have been done, if you had had no banker, and each merchant had kept his money in his own safe until he sent it off to purchase more goods. In an investigation that did not occupy me more than three or four hours I found several other enterprises, even in this small town that could never have come into existence, had you not had a bank here. With that kind of banking the populists have no quarrel.

### Banks of Issue

But when it comes to banks of issue, that is an entirely different question. If your banker here, whom I highly respect, although for want of information he honestly believes that I am a wild-eyed anarchist and socialist, all done up in one package, had taken his \$5,000 with which he established his little bank, bought a government bond with it, sent the bond to Washington and received back his \$5,000 and continued to collect interest on his bond just the same as if he had not sent it to Washington at all, he would have been granted a special privilege to get double interest on his money. Then if he had gone into the business of inflating the currency by creating a "credit money," as it is called, pro-

moted unsound business ventures for the sake of getting his "credit money" to drawing interest, carefully providing that he lost nothing on the loans, if every time he had found a man in hard lines who must have money to pay his debts, he discounted that man's note at about 25 per cent, in a few years you would have had a community made up mostly of renters and paupers, just as they have down in New York city today, while a few would own everything and the many would toil for a bare existence.

### The Plutocratic Banker

There is a community not far from here that is in exactly that situation. The land is just as productive as it is around here; the people are just as industrious, but the banker down there owns many of the farms and has mortgages on most of the others. Many of you here know the town—I need not mention it. The renters come and go. The farm houses and barns are going to decay. The groves are neglected and the trees are dying. There is no happiness in the faces of the people and even the banker himself wears a sour visage and is forever denouncing the residents be-

the power and force of this sort of money. Perhaps I can illustrate it in some degree by a little thing that came under my own observation.

### A Bankrupt Republican

In 1893 I passed through the little town of Fostoria, Ohio. The train was disabled and we had to remain there for two or three hours. Every factory was closed. Not a wheel was turning. The merchant stood idle behind his counter. The citizens were standing in little groups about the village, and the blackness of despair rested upon every thing. I enquired what the trouble was. The citizens said that the manufacturing plants and much of the town was owned by the secretary of the treasury, Mr. Foster, and that he had failed. (Mr. Foster believed that nothing but gold could be money, and the practice of that belief had brought him as well as many hundred thousand more to bankruptcy.)

I said to the citizens: "Why all this despair and gloom? All the property is here that was here a week ago. All the money is here, none of it has been destroyed. The citizens are all here and are as willing to work as they ever were. Why has every thing

but this credit money had disappeared in the twinkling of an eye. The men who held that awful power in their hands did not realize what a force they controlled. They simply proposed to give us a little "object lesson," but they brought poverty and distress upon this country lasting for six years. The number of insane and the suicides that it produced can never be known, but want and suffering spread all over the land. The echo of their moans is still in our ears.

Such a thunderbolt, more powerful than was ever launched by Jove, can be hurled at the prosperity and business of this country at any time without a moment's notice. Men can have no warning of its coming. Dunn's weekly review at the close of 1892 said: "The most prosperous year ever known closes today, with strongly favorable indications for the future." The last business day preceding the panic disclosed not even a cloud on the financial horizon. The next day there swept over the nation a financial hurricane before which the business structures of the whole nation went down. The "credit money" of the country had disappeared. The same awful power rests in the hands of the bankers today. In fact it is even greater than it was in 1893. Today, according to the official reports of the controller of the currency and of the sworn statements of the state banks, there is over \$7,500,000,000 of this credit money, which carries with it all the functions of money and performs all the offices of money in these United States. Compared to this vast volume, all the silver and gold and greenbacks is but a bagatelle. The disappearance of this money as in 1893, would create a greater disaster than war, pestilence and famine. The "power to destroy" is in the hands of the bankers. An order to refuse all loans and call in all loans outstanding, is all that is necessary to destroy it. There is nothing "intrinsic" not even any thing "material" about it. Yet the power to control the destiny of the nation lies in it. That is what populists refer to when they speak of "the money power."

### The Money Power

Go down any business street of any city in the land and ask the men who business what would happen if their bank credits were shut off and you will not find one in a hundred, who, if he answered you truly, but would say: "I would have to shut up within a week." A careful investigation by any honest, competent man will convince him that not more than ten per cent of the business of this country is transacted with money. Indeed it is sometimes asserted that that not five per cent of it is so transacted. The inevitable result would be that if the credit money was destroyed that 90 per cent of business would be destroyed, and "the power to destroy" is in the hands of a few men down on Wall street.

### Jackson's Courage

When Nicholas Biddle came to Andrew Jackson, telling Jackson that he could not fight the national bank and described the power that the bank could exercise, Jackson instead of bending before the odds against him replied: "If the national bank has that much power, then it must be destroyed." (Applause.) The populist looks this mighty force in the face and with Andrew Jackson says: "It must be destroyed."

How can the creation of this mythical money be controlled? Is there any power in the people to do it?

### Business Men

If I have found it difficult to explain to you what the "money power" is, I shall have still more difficulty in explaining to hard working men such as compose this audience, the many technical subtleties that underlie the creation of this money and we must understand that, before we can move toward the controlling of this power that dominates every thing in the business world. Let me say that it has become the fashion to call only those men who engage in trade for

## LABOR TRIBUTE TO WATSON

The laboring men of New York City planned a labor banquet in honor of Thomas E. Watson, People's Party candidate for president. Preparations were made to accommodate one thousand guests at the banquet board. How well these laboring men have succeeded in demonstrating their great interest in the cause of the People's Party in New York state, where one of their own number, Alfred J. Boulton, heads the ticket for governor, is evidenced by the following telegram received at the hour of going to press:

### TELEGRAM.

New York, Oct. 5, 1904.

Editor Independent, Lincoln:

Watson dinner remarkable success. A thousand dinners. Tremendous ovation to Watson. Masterly speech by him. The Empire State will give the great Georgian fifty thousand votes.

HENRY M. McDONALD.

Mr Watson's speech will appear in the special edition next week. Send in your orders for extra copies at once.

come to a stand still and starvation cause they don't pay their interest and rents on time. The difference in these two towns results from the fact that you have a banker here practicing populist theories of banking and down there they have one who has been operating upon republican theories.

However I suppose that if I called your banker here a populist he would want to fight, (laughter) But that is exactly what he has been doing, and it is only for want of information, he imagines that he is not a populist.

Of course in a popular address—a political speech, if you are so pleased to call it—I can not go technically into the science of banking. I can only in very imperfect way, point out some of its salient features. The banking business creates a flood of money. Some times it is called "credit money," some times "bank credits," and one writer, Mr. Griffin, has called it "hoccus pokus" money. But whatever it is called it "is" money and performs all the functions of money. Great volumes have been written by learned men upon this subject, and I hardly know how, in a few words, to explain

seems to be facing you?"

It was some time before anyone replied and I pressed the question time and again. At last one man said: "I can again. At last one man said: "I can tell you what has caused this terrible disaster, and it is a greater disaster than if the whole town had been burned down. The banks refused to extend the usual amount of credit to Mr. Foster. If the town had been burned down, with the amount of insurance that Mr. Foster carries and the usual credit that the banks had been giving him, there would have been no suffering here, for he would have replaced the buildings, we would all have work until they were finished and the factories would have started up again! Now it seems that there is nothing but starvation ahead of us."

You can understand from this incident what an important part this thing called "credit money" plays in producing prosperity or bringing destruction upon the people, and that is part of this great question of banking.

### That Object Lesson

The next day after that cyclopic panic struck us in 1893, there was just as much money as there had ever been,