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EDITORIAL

“ARCHAIC BANKING.”

By DANIEL DE LEON

AMONG the people, most frequently in the lime-light as praise-singers of the surpassing cleverness of American capitalists, Mr. Isidor Strauss has long held a front seat. Now, all of a sudden—with banks crashing, bank directors, College professors, high military officers and, now and then also a priest, committing suicide as inevitable consequences of the cleverness of American capitalism—Mr. Strauss comes forth with a discovery. He says our banking system is archaic—out of date. Mr. Strauss never showed himself a bigger block-head. The banking that he calls “archaic” is the most up-to-date, it is the top-most flower of untrammelled capitalism, such as the thing is and can be known in America only.

Upon this very point a passage in Senator La Follette’s great speech throws a brilliant light. After showing that the proposition in the Aldrich bill was to make railroad paper the basis of money issues, La Follette showed that, although that mischievous proposition had been eliminated by name, nevertheless the bonds growing out of the nefarious manipulations of over-capitalization not only still remained eligible, but **LARGE AMOUNTS OF THEM HAVE BEEN ACCEPTED AND PLACED IN THE TREASURY TO SECURE DEPOSITS OF GOVERNMENT MONEY;** and these papers—mortgage-bonds, the Senator charges are **AT THE RATE OF ABOUT \$85,000 PER MILE, OR ABOUT THREE TIMES THE AVERAGE VALUE OF RAILROAD PROPERTY IN THE COUNTRY.** Translated into plain common English, this means that a volume of money amounting to, we shall say, \$85,000,000, and raised upon these railroad mortgage-bonds deposited in the Treasury, have nothing more substantial for their foundation than about \$28,000,000 worth of property. To put it in still plainer language, this means that a huge amount of the money in circulation is essentially fiat money. Or, to put it still in another form,—our leading capitalist establishments are, to a great extent, doing

business with funds furnished to them free, gratis and for nothing by the Federal Government.

The revelations strikingly and unshakably made by Senator La Follette establish the fact that the present so-called banking system of the land is the novelest thing under the sun. It is the product of the ultimate consequence of a number of other consequences that flow from untrammelled capitalism. Fiat money, in itself, is nothing new; credit in itself, is nothing new; Government favoritism, in itself, is nothing new. All these separate things working together—that is new, spik-and-span *{sic}* brand new. It is the confluence of several diseases, all starting from the same central cause, each taking its separate course, and all converging finally upon the vitals of the body social.

These are not things for lamentations; least of all are they for lampoons. These are things to grasp. Once grasped, they point unerringly to the conclusion that A SOCIAL CRASH IS IMMINENT—unless sufficient numbers of the population can be reached with the Evangelium of the Socialist Labor Party, and organized into the I.W.W. sword of a Charlemagne to back up Progress with Order.

None of which is “archaic,” but decidedly up-to-date.

Transcribed and edited by Robert Bills for the official Web site of the Socialist Labor Party of America.

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