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OF THE COMMONWEAL

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In 1894*

*Why the March to Washington
In 1914*

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CAPITAL, UNDER CORPORATE NAME, CONTROLLING LABOR, IS SLAVERY.

On the labor problem we will give two authorities, two great names.

"Labor is prior to and independent of capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration."—Lincoln's second message.

"I affirm it as my conviction that class laws placing capital above labor endangers the republic more fatally this hour than did chattel slavery in the day of its haughtiest supremacy."

"The effort to place capital above labor will shake the republic, and when the attempt grows into law it will be used to fasten still greater burdens upon the people until all liberty is lost."—Lincoln's Letter to Ellis.

Daniel Webster said: "Sir, I say it is employment that makes the people happy. This great truth ought never to be forgotten. It ought to be placed upon the title page of every book on political economy intended for America. It ought to head the columns of every farmer's magazine and mechanic's magazine. It should be proclaimed everywhere 'that where there is work for the hands, there is work for the tooth; where there is employment there will be bread.' And in a country like ours, above all others, will this truth hold good. If they can obtain fair compensation for their labor they will have good houses, good clothing, good food and the means of educating their families. Labor will be cheerful and the people happy. The great intent of this great country is labor, labor, LABOR!"—Speech in 1835.

THE COXEY PLAN

Medium of Exchange Without Cost;
Public Bonds Without Interest;
Common Carriers Without
Private Profit.

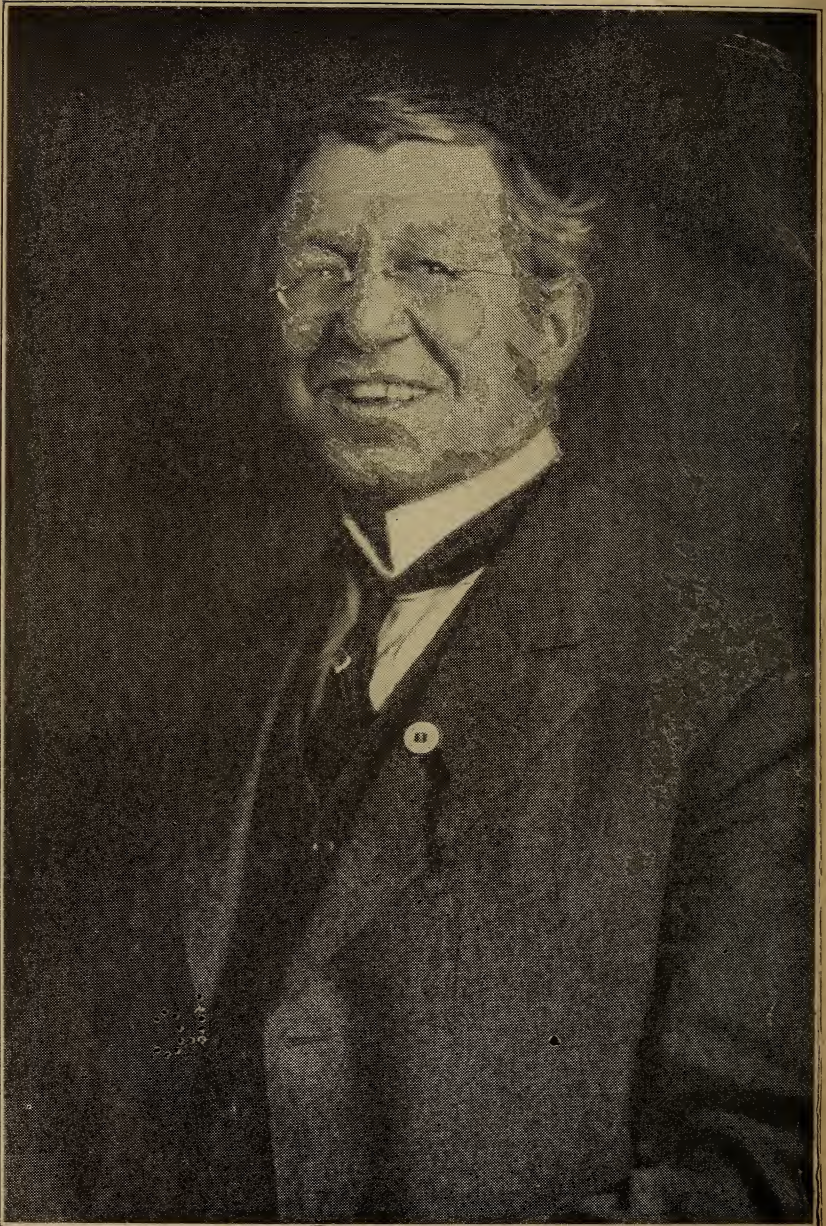
A Cure for Hard Times

Steady Employment for Every Man
at Good Wages

By JACOB S. COXEY

JACOB S. COXEY, Publisher
Massillon, Ohio
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JACOB SECHLER COXEY

MAR 31 1914

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WHY THIS BOOK?

Since the first Coxey march two generations have passed and two more have come upon the stage, all familiar in a vague way with the historical fact of such a movement. A movement which has its place in the school histories of the country suggests the necessity for a concise, comprehensive statement, making clear to the present, and more so to the future, the underlying impulses animating such a spectacular undertaking. To meet this need is my answer.

WHY THE SECOND MARCH?

April 16th, my sixtieth birthday, we start the second march from Massillon, arriving in Washington May 21st, to demand from Congress the passage of three measures mentioned below, and fully detailed in succeeding pages.

It is needless to remind the reader that Coxey ignores beaten paths. Determining conclusions have been reached from hard contact for forty years with actual conditions as a business man. *That now more than ever, we are up against a colossal shell game, no observing man can dispute.*

After reading the following pages, detailing my attempts before two congressional committees, serving one jail sentence for treading on the sacred lawns of the national capitol, if you feel a kindly impulse to co-operate toward the ends in view, you are asked to circulate this little volume—my one direct source of revenue for meeting the expenses of this present march.

There are to be elected next November a House of Representatives, and one-third of the members of the United States Senate. There should be a written pledge obtained from *all* candidates for these offices before you agree to give them your support, that they will vote for and use all honorable means to enact into law the following measures:

First—An Act of Congress to issue legal tender money and establish a Federal Bank in every community to loan the money on real estate and chattel property at its assessed value at a two per cent tax instead of interest.

Second—An Act of Congress to issue legal tender money and to permit communities to issue non-interest bonds, borrow money on them from the United States Treasury, hire the unemployed in road building and other public work; for purchase and supplying other public needs, and to repay such loans without interest in twenty-five annual installments.

Third—An Act of Congress to issue legal tender money to buy the railroads, pipe lines, telegraphs and telephones at their physical values, and operate them at cost.

Or, failing in this peaceful and desirable mode, then revolution. Think it over; *is there anything else left for us to do?*

JACOB S. COXEY.

Massillon, Ohio, March 25th, 1914.

THE COXEY PLAN

MEDIUM OF EXCHANGE WITHOUT COST; PUBLIC BONDS WITHOUT INTEREST; COMMON CAR- RIERS WITHOUT PRI- VATE PROFIT.

The first things that confront a government when constructing law are land, labor, production and distribution. The laws must be enacted to control and regulate, or own and operate, these things.

Justinian, who is conceded to have been the greatest law-giver of the Roman period, reduced Law into three precepts: First, to live honestly; second, to hurt nobody; and third, to render unto each his due.

These three precepts are the foundation of the Commonwealth and should be expressed in the laws, so as to bring about a government of the people, by the people and for the people.

We have practically solved the question of production, but we have not brought about a system of equitable distribution. We, today, are working under a system of inequitable distribution.

In order to find out what is necessary under a system of equitable distribution, one must analyze the functions that are being used in distributing.

THREE FUNCTIONS OF GOVERNMENT

There are three functions, and I contend that they are solely governmental: First, the means of communication; second, the means of exchange; third, the means of transportation.

Get these three functions fixed clearly in mind and everything else is easy to reason out. If you do not start with the correct premises, you never can reason out a correct conclusion.

Are these three functions the means of communication (postal, telegraph and telephone service), the means of exchange (money), and the means of transportation (market roads, railroads and steamship lines)—government functions?

If they are, they should be owned, used, operated and furnished at cost to all the people.

What do we use in communicating with each other? The postal system, telegraph and the telephone. We must communicate with each other before we can transact any business.

After we have done that, then what do we arrange for next? Means of exchange, the means to produce and to exchange the products from the producer to the consumer. What do we use in that? Money.

Then after we have arranged for the production and exchange of the products, next comes the means of transportation. That means the market roads, railroads and steamship lines.

POSTAL SERVICE SHOWS EFFICIENCY AND EQUITY

What have we done with those different governmental functions? The first one, the means of communication, is in part the postal service. We have retained and are operating that at cost to all the people. Let me illustrate: For example, if John D. Rockefeller, who is reputed to be the wealthiest man in this country, with all his corporations, needs 10,000 postage stamps tomorrow, he must pay the same for each of those postage stamps as the man down on the street digging in the ditch, who buys only one; that man is on an equality with John D. Rockefeller under that law.

The same equality of conditions should apply to the telegraph and telephone lines, the means of exchange, (money), and the means of transportation, (market roads, railroads and steamship lines).

GOVERNMENT TELEGRAPH AND TELEPHONE

The telegraph and telephone systems have been invented since the formation of this government. These should be owned and operated at cost to the people, but the government has left these go along with the means of exchange and of transportation. Instead of purchasing these inventions from the inventors and remunerating them for their efforts, they have granted franchises to corporations, which have erected these lines, and have put one dollar into physical value and two dollars in water value in the shape of stocks and bonds upon those institutions, and today are levying tolls on the water value as well as on the physical value.

I predict that during Wilson's administration, the Government will take over the telephone and telegraph systems of this country. But they are not going to take

them over by the proper method, which is to issue legal tender money with which to pay for them at their physical value. They are laying their plans to substitute 4% interest bearing Government bonds for the entire watered dividend-paying stocks and bonds.

Now let us get up into the means of exchange—money. What is money? Money is an idea of Congress enacted into law. It is a National medium of exchange used in exchanging labor in production, and to exchange the products of labor from the producer to the consumer. It simply represents values which are created by labor or services rendered and is a legal order for goods, and never should have, or be of, any value in, or of, itself. This is all that money is or should be. It should not get into circulation without a service being rendered or a value created.

BANKS BASED ON ILLEGAL FRANCHISES

What have we done with this function? We have granted franchises to banking corporations for the last 50 years in violation of the Constitution of the United States. You cannot find in the Constitution any right on the part of the Government to grant franchises to any corporation. The debate before the Constitutional Convention of 1787 on the question of the right of the Government to grant charters resulted in its being voted down. Therefore, it is a violation of the Constitution to grant charters.

After granting these franchises, then the Government creates money and turns it over at cost to these corporations, but when even the Government itself (which has created it) wants to use the money, how does it obtain it? It issues interest-bearing, non-taxable bonds, sells them to these corporations and borrows its own money, and our Government taxes our people to pay interest to these corporations for the use of the people's own money.

The new banking law does not change the system. The Democratic administration had agreed with the banking fraternity to give them a bill to their liking, and they claim now that the new bill is better for the bankers—than the old bill which had been in force for 50 years.

STUPENDOUS BURDEN OF INTEREST

Let us see the burden placed on the people through this currency system.

President Taft in 1912 called the governors of the states together and told them that there are 12,000,000

American farmers who are producing annually \$9,000,000,000 of products on a borrowed capital of \$6,040,000,000, on which they are paying in interest and commissions an average of $8\frac{1}{2}\%$ per annum.

This amounts to a total of \$513,000,000 annually, which the tillers of the soil are compelled to pay to the banking institutions to which the Government has turned the money over at cost.

Besides, this law authorizes the banks to loan 88% of their deposits (their debts), so that they can receive interest for the use of that money and legalized credit—their debts. This is a burden that is placed on the tillers of the soil, simply for their privilege of doing business and producing that which we are consuming.

EVERY REAL DOLLAR LOANED TO TEN PEOPLE

We have \$17,000,000,000 of bank deposits, \$13,500,000,000 of loans out of those deposits, and \$1,500,000,000 of legal tender money reserves in these banks—which reserve is the only real money we have and is the foundation for the \$13,500,000,000 of loans. There are nine dollars of loans to every dollar in the bank; and the banker is receiving from six to eight and one-half per cent interest for the use of his credits or debts to this amount. In other words, the banker is loaning out his debt and receiving interest on his debt, and the producers pay this interest on these banks' debts.

An average of 8% would be over \$1,000,000,000 annually. That is what the manufacturers of this country pay to produce and exchange their products. **THE PRODUCERS MUST PAY FOR THE USE OF THE BANKERS' CREDIT**, which is charged up to the consumer when he purchases the products. Add that to the \$513,000,000 paid by the tillers of the soil and it makes nearly \$1,600,000,000 in interest annually, which is the banking tax put upon the producers of this country in producing our products and exchanging them.

THE BANK SYSTEM AS IT WORKS

I propose to show how to substitute cash in place of these fictitious bank credits. I want to illustrate to you the system of our national banks:

Take, for instance, one of the banks in my home town which has deposits to the extent of \$800,000. Under the law, this bank is compelled to keep as a reserve fund in its vaults 6% of its deposits in cash, and 9% it may

deposit in reserve banks. That makes 15 per cent legal tender money as reserves, but 85 per cent of the deposits, which are the bank's debts legally, it is allowed to loan out.

I show you this \$800,000 deposit to prove how little real legal tender money the bank has. Fifteen per cent of \$800,000 is \$120,000. The bank, therefore, loans out \$680,000. It must retain in the bank in lawful money six per cent in cash, which is \$48,000, and nine per cent, or \$72,000, is deposited in reserve banks upon which it receives two per cent interest on daily balances.

DRAWING INTEREST FROM THE PEOPLE ON THE PEOPLE'S OWN MONEY

You see the bank is receiving interest upon \$680,000 of its deposits. What is it doing business on? Not a dollar of its own money, because its money has gone into national bonds purchased from the Government. Those \$100,000.00 of bonds were deposited with the Government, and the Government issued 95% of the face value of the bonds in national bank notes (the balance of 5% being held in a redemption fund) with which to start and do business.

Therefore, its money is deposited in Government bonds upon which it is receiving 2% interest and paying no taxes, which is equal to another 1%, and which makes it equal to a 3% bond. The bank was started with \$95,000.00 in national bank notes. It has deposits up to \$800,000.00. It loans out the \$95,000.00 of bank notes, besides \$620,000.00 of the deposits; and all it has in real cash in the bank with which to pay the deposits of \$800,000.00 is six per cent, or \$48,000.00.

REDEMPTION OF THE BANK NOTES

I want to show you a little more of the redemption of these national bank notes. There is being returned from the banking institutions of this country an average of \$2,000,000.00 a day by express to the Treasurer of the United States in national bank notes for redemption purposes. When they are sent in, the U. S. Treasurer ships in return by express, lawful money (greenbacks or gold; very seldom does he ship gold); then the Treasurer notifies the various banks how much of their currency has been sent in for redemption, whereupon those banks must ship by express lawful money to the Treasurer to redeem their notes. Then the Government prints new bank notes

and sends them to the banks in place of legal tender that they have shipped to the Treasurer for redemption purposes.

EXPANSION AND CONTRACTION OF CREDITS

For example, suppose a national bank has in circulation \$95,000.00 in national bank notes. A number of banks receiving these notes as deposits are unable to use them as legal reserves and they forward \$10,000 to the U. S. Treasurer at Washington for redemption in lawful money. The Treasurer at once expresses to the bank sending the currency, \$10,000 lawful money (greenbacks or gold) in return, which can be used as legal reserves and is a basis of \$90,000 of credit or loans on which they can draw interest. Then the Treasurer notifies the bank which this currency was issued against to express \$10,000 in lawful money to redeem these notes. Upon receipt of same, the Treasurer reissues \$10,000 of national bank notes and expresses them to the bank. This system causes four express charges and causes continuous expansion and contraction of bank and commercial credits.

Under the new banking law there is no change in respect to this. There is a lowering of the reserve. The new law requires country banks to hold only 12% reserve instead of 15%, and 4% in cash instead of 6%, and 8% in district reserve banks as reserves instead of 9%, which they can borrow and now make 6% on instead of 2%, as they did before, on daily balances. Instead of a bank in a city holding 25% reserve, as it did, it is now compelled to hold only 18%, so it gets out 7% more of the banker's credit, or wind.

THE WAY THE RESERVE BANKS WORK IT

The new banking law puts 12 reserve banks in different parts of the country, each one to have its own district or territory. These reserve banks are to be owned and controlled by member banks and they are so arranged that all the banking institutions in the country may have opportunity of joining this system and using these reserve banks in their districts to hold their reserves, with the theory that it is going to be closer to them, so that in an emergency they can re-discount paper and obtain currency more quickly by borrowing their own capital and reserves. But now if money gets tight, the member banks can send their paper to the reserve bank in their district and have it rediscounted. If any other emergency arises,

then this reserve bank can send in to the reserve board at Washington and have currency issued against these notes, but 40% in gold must be furnished as a reserve. These notes shall not have a longer period to run than 180 days and are not to be money. So don't you see what a poor business this will be? None of those notes on farm mortgages are to be money, they are simply to be the same kind of currency that we are using in the shape of bank notes.

Few people realize that national bank notes and gold and silver certificates, while receivable for debts, are not legal tender, and can be refused when tendered in payment of a judgment. Then they must be exchanged for either greenbacks or gold, as gold and silver certificates are simply warehouse receipts.

The member banks can borrow from the reserve banks their own reserves, surplus, capital, postal deposits and all Government revenues.

Is it any wonder that it is contended in behalf of the new law that it is better for the banks than the old one? President Wilson selected Professor Henry Parker Willis, editor of the Journal of Commerce, New York, a Wall Street organ, to draw it, administration pretending it was the Glass Owens measure. Wall Street bankers were pretending to be against the bill, knowing that if they advocated it the people would have defeated it. The bankers even held a convention at Boston and denounced it.

HOW IT WAS "PUT OVER" ON THE PEOPLE

So after 50 years of denunciation of the National Banking system (ever since its enactment), by the leaders of that once great party of Jefferson and Jackson, they have at the very first opportunity, and within 10 months after obtaining complete control, and with hardly a murmur of objection from the floor of the House or Senate, enacted a Currency bill that causes the old National Banking System to pale into insignificance compared to this new one. By doing so they have completely surrendered to the 25,000 banks and placed 99% of the people in serfdom through interest worse than that of the black men and women prior to the Civil War.

At present the people seem to be asleep, but they will finally wake up out of that slumber of deceit, pretense and sham and find that their idol, William Jennings Bryan, has sold not only his but their birthright for a

mess of potage (Power and the Almighty dollar), and has minted his cross of gold for a basis for the New Banking System and is now feeding the people the thorns from his crown.

A BANKING SYSTEM FOR THE BENEFIT OF THE PEOPLE

As I said, we have come to a constructive period. We have been tearing down; now we must commence to build up a structure better than the one we tear down.

I appeared on the 23rd of October, 1913, before the Banking and Currency Committee of the Senate at Washington, and I argued from my standpoint and proposed my plan.

My plan is this:

The Government establish a bank in every municipality of over 1,000 population.

That in towns of under 1,000 population and over 500, the banking be done through the post offices.

That all the money issued by the Government shall be made a full legal tender for all debts.

That the money shall be engraved and printed in sufficient volume for the demands of trade, just the same as the postage stamps are engraved and printed.

That this money be sent to all these Government banks and post offices.

That the money be loaned out on the same collateral as that upon which the banks are now loaning and upon all real and chattel property at its face and taxable value at a tax of 2%.

This will solve the question of the means of exchange—money.

MONEY INSTEAD OF INTEREST-BEARING CREDITS

Then substitute gradually, to take the place of \$18,000,000,000 of bank credits and less than \$2,000,000,000 of currency (not money), full legal tender money, at a tax of 2%, thus eliminating interest. Simply because the people have had interest thrust upon them for centuries is no reason why it should be continued.

This tax of 2% is not interest. I call it a tax; and I can prove it is a tax. It will cost one-half of one per cent to pay all operating expenses for all these banking institutions on total amount loaned. Deduct that from 2% and there is left a national revenue to the Government of one and one-half per cent.

This will be in lieu of other taxes. Those who will be

using the money will be paying a tax of at least one and one-half per cent on all money furnished, to pay the running expenses of our Government. Then we could abolish import duties and let all goods come in free.

This, together with the Non-Interest Bond Bill, is the proposition I put before the Banking and Currency Committee of the U. S. Senate.

A SAVING OF \$1,500,000,000 A YEAR

Let us see the saving it would make. Sixteen hundred millions of interest is being taxed out of the producers and consumers today for the use of the nine dollars of legalized bankers' credit and one dollar of real money. Reduce that down to 2%, instead of 8%, and it will be \$1,200,000,000 saved to the people annually. In addition to that, all real money being furnished to the people at a tax of one and one-half per cent furnishes a revenue of \$300,000,000 annually, which will go into the coffers of the Government to help pay its running expenses.

To illustrate the economic saving: In Massillon, Ohio, we have five banks, which means an expense of five bank presidents, five cashiers, five sets of clerks, five sets of books and five bank buildings. They loan out an average of \$4,000,000 annually, 88% of which is bankers' credit, or deposits at an average rate of 7%, which means \$280,000.

SAVING IN COST OF BANK MANAGEMENT

Under my plan we would have only one bank president, one cashier, one set of clerks, one set of books and one bank building, loaning out \$4,000,000, at a tax of 2%, which means a Government revenue of \$80,000 annually, —\$200,000 in interest charges—saved to the producers and consumers of Massillon annually. Allowing \$20,000 (which is one-half of one per cent. on money loaned* to pay one bank president, one cashier, one set of clerks, keeping one set of books and maintaining one government owned bank building, leaves a clear revenue to the Government of \$60,000 annually.

Thirdly is the means of transportation. In addition to that there is another proposition that is confronting the American people. It is one of the greatest we have. That is the system of public improvements, such as roads and streets and all internal improvements, also all public util-

ities, because we are at the point now where we must rapidly take over public utilities and operate them at cost to the people.

PUBLICITY AGENTS AT WORK ON THE PUBLIC

How can this be done? Very simple. But they are laying their plans and have their publicity agents at work to create the impression that if the Inter-State Commerce Commission does not increase the freight rate five per cent. there will be government ownership. They are trying to make the people believe that the stocks and bonds put upon the public utilities of this country are genuine, notwithstanding that two-thirds is water.

In Poor's Railroad Manual we find that we have \$10,000,000,000 and some odd millions of railroad bonds, bearing 5% interest, and \$8,800,000,000 of railroad stocks, paying 6 to 10 per cent. dividends. But when we go into the matter a little further, we find that an average of 60% on the dollar was all the real money that was acquired by the railroads for these bonds. Therefore the physical value of the railroads in bonds amounts to only six billions with four billions of water.

There are over \$18,800,000,000 of railroad bonds and stocks, two-thirds of which is water; and our Government legalizes this water by going into partnership with the railroads of the country. It is running them; it is levying the tolls through the Inter-State Commerce Commission on the freight being transported by these railroads; fixing the rate of wages for the men that are operating these roads.

THE ENORMOUS BURDEN OF INTEREST DIVIDENDS

There is over \$1,080,000,000 annually that must come out of the consumers to pay tolls—to pay the interest on these bonds and dividends on these stocks. There is the burden through the means of transportation, and the Government is the managing partner in it, but does not receive any of the profits.

I will later show you how we can change that. I want to show you a great conspiracy now between those controlling the means of exchange—money—and the means of transportation (the railroads and steamship lines). The men handling all the reserves of the banking institutions of this country are in New York, Chicago and St. Louis. They are controlling the means of exchange—money. Those same men are directors in the principal

railroads. Through this they are controlling the means of transportation.

WHY FIVE MILLION MEN ARE IDLE

Here is what they have brought upon the country: You will find men every hour in the day asking each other why are the works closing down, throwing people out of employment. Why are the railroads curtailing, throwing even the section hands off? I will tell you why. Last year the money men of New York had got the railroads and industrial stocks up to the highest point. They unloaded at the highest prices.

HERE IS THE WAY THE GAME IS PLAYED. During the year of 1912 they purchased 235,000 cars. That was an average monthly purchase of nearly 20,000 cars. In January of 1913 they purchased 30,000 cars. This was an increase of 50% over the normal monthly purchases during the year 1912. That was to create the impression that we were having a great boom. It raised the price of stocks, both industrial and railroad. Then in February they purchased 22,000 cars, in March they purchased 5,000 cars; in April, 10,000 cars. Now they were ready to break the market because they had unloaded their stocks at the high prices.* They purchased in May, 2,500 cars; in June 1,000 cars, and every month since June the balance of the year 1913, they purchased an average of 2,000 cars. There was a stopping of purchase of equipment for all railroads of 90%.

The car works in this country that were receiving orders during 1912 of 20,000 cars per month, were receiving for the last eight months of 1913, orders to the extent of only 2,000 cars a month. Those plants had to throw their people out of employment.

A CONSPIRACY TO ACCOMPLISH FIVE THINGS

The men who are controlling the means of exchange and transportation and the output of steel rails had entered into a conspiracy to accomplish five things.

The first one was to force Congress to shape a currency bill to their liking. That has been accomplished.

The second was to force the Inter-State Commerce

*The Wall St. Journal shows 29,109 more stockholders in industrial and railroads in 1913 than in 1912.

Commission to grant a 5% freight increase to the railroads.

The third was to force down the price of equipment for the railroads. By shutting off orders 90%, the manufacturers were forced, in order to hold their men and maintain their organizations, to go out in the market to the railroad purchasing agents and offer their material from 25 to 30 percent. less.

The fourth was to force the price of labor down by closing the works and bringing workmen into competition with each other.

The fifth was to make a clean-up on their stock. This winter, 1913-14, they are buying them, on the low level, and when they have done that, they are ready to give their orders for equipments. The plants will start up. Men will go to work and we will go on a grand boom again for the next four or five years. That is the way they manipulate prices of property and labor.

TRYING TO TURN ANOTHER TRICK ON THE PUBLIC

They will try to educate the people to take the public utilities over, because they have a burden on their hands. It is impossible for them longer to finance the railroads, since the laws compel them to keep them in the condition necessary for the safety of the public and the transportation of commerce. Eight billions, eight hundred millions of the water stock is not legitimate; four billions of water bonds are not legitimate. And they are trying to shape it up so the government in taking it over will substitute government bonds bearing 3 to 4% interest in place of present bonds and stocks.

I contend that we are approaching the greatest crisis in this country,—the greatest that ever confronted us. It is worse than the crisis of 1860, when the people in the South held the black men and women in slavery. They were legal property under the law. The people in the North contended that slavery was wrong; that it must be abolished; and I say today we must eliminate usury or interest and dividends which has enslaved both blacks and whites.

How did we eliminate slavery? Did Congress pass a law to appraise and condemn the slaves, and issue legal tender money and pay the slaveholders for their slaves? Oh, no. They went into a bloody conflict and the people of the North went South and forced the slaveholders to

give up their slaves. Our government issued legal tender money and paid the brothers of the North to shoot their brothers in the South. Was that sensible?

A SOLUTION EQUITABLE AND EFFECTIVE

I do not propose to abolish interest and dividend slavery in that manner. We want a peaceable, just and equitable solution. We have the law, and we can appeal to the intelligence of the people. How can it be done? Simply by the adoption of two bills.

In 1894 we had a depression similar to what has come on now. Then what did we do? The Commonwealth organized and marched through to Washington and appealed to Congress to pass a bill into law.

By that one measure and with the Government banks furnishing money at 2% to all the people, we can emancipate the white as well as the black people. That bill provides that when a state desires to make a public improvement or wants to take over a public utility or industrial plant, is to be allowed to issue and deposit its non-interest bonds with the Federal government, which is to issue the face value of those bonds in full legal tender money at cost. That cost will not exceed over one per cent. The 99% would be forwarded to the state that deposited its bond in accordance with the bill. Then the state would have the money to build public improvements and utilities or take them over and pay for them.

THE RIGHT WAY TO BUY THE RAILROADS

Let us work it out. Take for instance the state of Ohio. In order to make an illustration, let us say that the railroads of the state may be estimated at about \$99,000,000 in value. The state of Ohio would issue \$100,000,000 in non-interest bonds to run for 25 years. These bonds would not be sold, but deposited with the government at Washington as collateral security. Then the government would issue \$100,000,000 and the \$99,000,000 would be forwarded to the state treasurer of Ohio. A commission would be appointed to appraise the railroads of the State. Then with this legal tender money the State would get the deeds for the railroads, and the State would run them itself.

Anything "unbusinesslike" about this?

Any "confiscation" in it?

Out of the revenues of the roads the State would return to the Federal Government 4% annually of amount

borrowed. In 25 years it will have returned the \$100,000,000 to the government.

We, the people of Ohio, would simply legalize and utilize our own credit.

PHYSICAL VALUE IS ALL THE RAILROADS OWN

They say we cannot take these railroads, because they are private property, franchises having been granted to them. I contend that it is not a Federal proposition but a State proposition; that the railroads have been built through franchises granted by States and not by the Federal government. We can condemn them for the public good.

I contend that we should pay for them at their physical value alone if we take them over at all.

If we eliminate interest and dividends, then that much is taken off the price of the products of the country. I have shown that the farmers are paying \$513,000,000 in interest and commissions for the money they are using, and the other producers are paying over \$1,000,000,000 for the use of nine dollars of the bankers' credit to one of real money. If we can cut that down to \$400,000,000 there would be \$1,200,000,000 annually, which now must go on the price of the products, because the consumer is the one that is paying all this burden in the end.

Take the tax of \$1,080,000,000 annually in freight rates upon the goods that are shipped over the railroads, and add this to the \$1,200,000,000 of interest charges, and it would make over \$2,200,000,000 annually saved to the American people. Therefore we would lessen the hours of toil, raise the rate of wages and lower the price of all products, besides paying for the cost of the means of transportation at the annual rate of 4% out of the revenues on the freight rates.

TREMENDOUS WASTE THROUGH UNEMPLOYMENT

Few people realize the waste to the nation by the loss of 5,000,000 unemployed men daily. Even at an average in purchasing power alone of \$1.50 per day each, it means \$7,500,000 each day, \$195,000,000 each month, \$2,340,000,000 each year, loss in wages. If this lost labor were employed in building roads at \$15,000 per mile it would build 156,000 miles of 18 ft. brick roads a year which would in less than seven months complete the road system of Ohio.

The annual waste in purchasing power alone, not counting the value the men would create if employed, amounts to more than double the total annual expenses of our Government.

It is high time that all citizens should become aroused to a realization of these conditions, and help make the true conditions known, so that we can bring about a change and a return of prosperity and make it permanent.

This can be done immediately by the adoption first of the Non-Interest-Bond bill, which will allow the States, Counties, Townships, Municipalities, Towns and Villages to finance all public improvements, without interest, so as to give relief to every section of the country at once by setting all of the idle unemployed at work in beautifying and improving the country at remunerative wages, until there is a demand for their labor in production.

Second, a law establishing a Federal bank in every city to loan legal tender money on real estate and chattel property at its face value, at 2% tax, and abolish interest.

THE RIGHT TO TAKE OVER THE RAILROADS

Many Socialists and others take the extreme position that the Banking, Public Utilities and Telegraph, Telephones, Railroads and large manufacturing trusts are legalized pirates, having stolen from and levied tribute upon the American Producer and Consumer tens of billions of dollars, and that their entire holdings should be confiscated either by law or force if necessary.

Those in possession of these institutions contend that they have been acquired through law, and are legal property. They appeal to the courts and are there upheld notwithstanding the fact that their franchises have been often obtained through bribery and corruption and against public policy.

Here is the equitable solution:

FIRST: The franchises have been gifts that rightfully belong to all the people, with no physical value in them; therefore these should be confiscated and restored to the rightful owner, the people.

SECOND: The physical value in actual dollars put into these properties, or appraised at what they could be reproduced for, represented by interest-bearing bonds and dividend paying stocks, should be paid to the holders thereof in full legal tender money issued by the government for that express purpose.

Initiative and Referendum

How to Build All Public Improvements, Purchase All Public Utilities and Provide for All Public Needs by the Non-Interest Bond Plan

In illustrating the City of Massillon's Non-Interest Bond, you can easily understand that that which applies to Massillon would apply to all states, cities, towns and villages; then make the same application to Townships in building Roads, Bridges, School Houses and Ditches by the Township Trustees issuing Non-Interest Bonds on the Township. The County Commissioners on the Counties to build Court Houses, County Buildings and Bridges. The State Legislature authorizing the issue of Non-Interest Bonds on the State to buy, own and operate the Railroads, Pipe Lines, Telegraphs, Telephones and Ship Canals and build Market Roads.

Massillon, O., May 4th, 1901.

The undersigned, constituting more than one-tenth [1-10] of the voters of the City of Massillon, Ohio, do petition the Council of the City to formulate the proper ordinance [according to the initiative and referendum] and to take the necessary steps to procure from the general Government the sum of One Hundred Thousand dollars [\$100,000] to be expended according to law in the making of public improvements in the City, including the paving and sewerage of the streets, the building and maintaining of schools and school houses, public library, public hall, market house and public park, the purchase, maintenance and operation of water works, street car lines and gas and electric light plants to furnish water, light, heat and power.

SIGNATURES OF PETITIONERS.

Council Chamber, }
City of Massillon, May, 5, 1901. }

A petition [the above petition] of more than 10 per cent. of the voters of the City having been presented to the Council, and it being mandatory upon the Council to comply with the request of the voters as indicated in the petition, it is now by the Council resolved that the question of adopting or rejecting the following ordinance be submitted to all the voters of the City at a special election to be held on June 6, 1901, as to whether the City should proceed to procure from the general Government the sum of money mentioned in the said petition, to-wit: One Hundred Thousand Dollars, to be expended for the purposes therein named. And it is ordered that prior to

such election notice of the intention to hold the same shall be published for at least thirty days in the newspapers of the City.

..... Clerk Pres.

The ordinance is in these words:

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MASSILLON, O., AS FOLLOWS:

Section One. That said City of Massillon procure from the general Government the sum of One Hundred Thousand dollars. [Less the one per cent. to be deducted by the Government for engraving, printing and bookkeeping.]

Section Two. That the City, by its proper officials, execute and deliver to the general Government its bond, or obligation, for the like sum of One Hundred Thousand dollars, to run for the period of Twenty-five years, stipulating for the return by the City to the Government of the amount thereof in Twenty-five annual installments of four per cent. each, without interest.

In voting, those who favor the Ordinance shall vote "Non-Interest Bond Ordinance Yes," and those who oppose "Non-Interest Bond Ordinance No."

Such election being presumed to have been held, if a majority vote "Ordinance No" that, of course, ends the matter, but if a majority vote "Ordinance Yes," it would become mandatory upon the Council to pass another resolution directing the proper officials to prepare the Bond and send it to Washington.

There should also be a National I. & R., but should only require ten states to furnish ten thousand signatures each for any national amendment or law they wish to propose and submit.

**STATE OF OHIO, U. S. OF A.
CITY OF MASSILLON, O.
NON-INTEREST BOND**

(BASED ON LAND VALUES EXCLUSIVE OF ALL IMPROVEMENTS.)

The City of Massillon, Ohio, hereby acknowledges itself indebted to the United States of America in the sum of ONE HUNDRED THOUSAND DOLLARS, well and truly to return to the United States which said sum of money, in twenty-five annual installments of FOUR per cent. each, but without interest. The Council hereby binds and charges the real estate of said City, not including buildings and improvements thereon, with the minimum tax or levy thereon of FOUR Mills on each Dollar, or

FOUR Dollars for each THOUSAND Dollars, each and every year until the full amount of Bond shall have been raised and returned.

One of the attached coupon receipts, representing FOUR percent. of the principal sum hereinbefore named, is to be surrendered by the Government to the Council on return of the amount of each installment, and the Bond itself on the return of the last installment, on July 4th, 1926.

Dated, Massillon, Ohio., July 4th, 1901.

SEAL Clerk. Mayor.

Coupon Accompanying City of Massillon Bond

Washington, D. C., July 4th, 1925.

This Coupon No. 24, attached to Bond 1, Series A, of the City of Massillon, Ohio, deposited with the Treasurer of the United States, is a credit on said Bond for the sum of \$4,000, this day returned to said Treasurer and is a receipt therefor to said City.
Massillon City (Signed)
Treasurer's Voucher. *Sec'y of Treasury of U. S.*

TWO PARALLELS

COXEY NON-INTEREST BOND PLAN

Against

THE PRESENT TAX-EATING INTEREST SYSTEM

Two Parallels to Consider.—Two Methods of Building a Court House or any other Public Improvement Open to the People Who Have Only to Make Choice

INTEREST-BEARING BOND COURT HOUSE.

Bonds voted to run twenty years\$200,000
 Interest at 5 per cent. for twenty years to be paid to the bondholders...\$200,000
 Total principal and interest\$400,000

Under this system the people will have paid \$200,000 in interest at the end of twenty years and still owe \$200,000 as the principal.

Non-Interest Bond deposited with the government\$200,000
 Treasury notes issued by the government\$198,000

NON-INTEREST BOND COURT HOUSE.

Amount retained by government for printing notes\$2,000

Total\$200,000

Amount of tax necessary to raise each year to pay on principal, at 4 per cent., \$8,000, or aggregate in twenty-five years...\$200,000

In twenty-five years the \$200,000 bond is paid, and cancelled without a cent of interest, the court house built and paid for at a total cost of \$200,000.

This will furnish a National Currency, Full Legal Tender, to substitute a cash system in place of the credit system that has failed us, and saves the interest.

The Cause and the Cure!

Statement

BY MR. JACOB S. COXEY, OF MASSILLON, OHIO ON
THE CURRENCY QUESTION

Before the Sub-Committee of Ways and Means Committee
of Congress, Washington, D. C., Tuesday, Jan. 8, 1895.

[Official Report of Mr. Coxe's verbal statement, taken for the
Government by the stenographer of the Committee on Ways
and Means.]

SUB-COMMITTEE

WM. J. BRYAN, BENTON McMILLIN, JUSTIN R. WHITING,
JULIUS C. BURROWS, JOHN DALZELL.
COMMITTEE ON WAYS AND MEANS,
Washington, D. C., Tuesday, Jan. 8, 1895.

The sub-committee of the committee on Ways and
Means, having under consideration the subject of bond
issues, this day met, Hon. William J. Bryan in the chair.

Mr. J. S. Coxe, a resident of Massillon, Ohio, ap-
peared before the committee in advocacy of the following
bills:

53d Congress, 2d Session, H. R. 7463, June 15th, 1894

A BILL to provide for public improvements and em-
ployment of the citizens of the United States.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assem-
bled, That whenever any State, Territory, County, Town-
ship, Municipality, or incorporated town or village deems
it necessary to make any public improvements it shall
deposit with the Secretary of the Treasury of the United
States a non-interest-bearing twenty-five year bond, not
to exceed one-half of the assessed valuation of the prop-
erty in said State, Territory, County, Township, Muni-
cipality, or incorporated town or village, and said bond to
be retired at the rate of four per centum per annum.

Sec. 2. That whenever the foregoing section of this
act has been complied with it shall be mandatory upon
the Secretary of the Treasury of the United States to have
engraved and printed Treasury notes in the denominations
of one, two, five and ten dollars each, which shall be a full
legal tender for all debts, public and private, to the face
value of said bond and deliver to said State, Territory,
County, Township, Municipality, or incorporated town or
village ninety-nine per centum of said notes, and retain
one per centum for expense of engraving and printing
same.

Sec. 3. That after the passage of this act it shall be compulsory upon every incorporated town or village, Municipality, Township, County, State or Territory to give employment to any idle man applying for work, and that the rate be not less than one dollar and fifty cents per day for common labor and three dollars and fifty cents per day for team and labor, and that eight hours per day shall constitute a day's labor under the provisions of this act.

53d Congress, 2d Session, H. R. 7438, June 12th, 1894

A BILL to provide for the improvement of public roads, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury of the United States is hereby authorized and instructed to have engraved and have printed, immediately after the passage of this bill, five hundred millions of dollars of Treasury notes, a legal tender for all debts, public and private, said notes to be in denominations of one, two, five, and ten dollars, and to be placed in a fund to be known as the "general county-road fund system of the United States," and to be expended solely for said purpose.

Sec. 2. That it shall be the duty of the Secretary of War to take charge of the construction of the said general county-road system of the United States, and said construction to commence as soon as the Secretary of the Treasury shall inform the Secretary of War that the said fund is available, which shall not be later than sixty days from and after the passage of this bill, when it shall be the duty of the Secretary of War to inaugurate the work and expend the sum of twenty millions of dollars per month pro rata with the number of miles of road in each State and Territory in the United States.

Sec. 3. That all labor other than that of the office of the Secretary of War, "whose compensations are already fixed by law," shall be paid by the day, and that the rate be not less than one dollar and fifty cents per day for common labor and three dollars and fifty cents per day for team and labor, and that eight hours per day shall constitute a day's labor under the provisions of this bill, and that all citizens of the United States making application to labor shall be employed.

The Chairman. Mr. Coxey, if you are ready to proceed we will hear you.

Mr. Coxe said: Mr. Chairman and gentlemen, I think it essential, in order to show the necessity for the passage of these proposed bills, to do as a physician does in attending a patient with some dangerous disease. The first thing the physician does is to call in his neighboring physicians and hold a consultation, and diagnose the disease; then the diagnosis will indicate satisfactorily to them the medicine that is necessary to be administered in order to restore the patient to health and vigor. We find throughout our country today a diseased condition, and I will try to diagnose the disease for you.

It will take us back to the spring of 1893. We find at that time we had \$1,500,000,000 of all kinds of actual money in circulation. A thousand millions of that actual money was in the hands of the people, the farmers, and laborers, and miners, and merchants, and in the merchants' tills, making their exchanges. After they paid their debts they took their surplus earnings and deposited those earnings in the banking institutions of the country. Then the bankers loaned these deposits or earnings of the people out to the manufacturers or employers of the people. The balance of actual money amounted to \$500,000,000, which was held by the banks as a bank reserve, and upon this bank reserve the banking institutions of the country had created another kind of money, which consisted of commercial paper. That commercial paper is what the manufacturers took in payment for their products.

For instance, suppose a steel manufacturer of Pittsburgh takes a contract to deliver steel and when he delivers that steel he agrees to take in payment for the steel notes running from three to four months' time. That note is answering the purpose of money, the medium of exchange, because it has exchanged the products from the steel manufacturer to the jobber or consumer who purchases it, just the same as though he had paid the actual money for it.

After delivering the goods and receiving the note in payment, the next thing that the manufacturer does is to go to the banking institution, taking the notes with him, indorsing them, and putting them in his bank book, and the banker takes them and discounts them, deducting the discount, and credits the manufacturer with the balance. Then that is subject to check. Now, the banking institutions in 1893 had discounted \$4,500,000,000 of that

kind of paper, commercial paper, manufacturers' notes, based upon \$500,000,000 of bank reserve. There was \$9 of credit money discounted by banking institutions based upon \$1 of actual money to pay the \$9 with. Then, the only money that was being used to exchange our commodities was the \$1,000,000,000 in the hands of the people and in the banks as deposits. The \$500,000,000 of bank reserve were to all intents and purposes, so far as the exchange of commodities of the country, out of circulation, because it was held as reserve.

The money mediums we used to exchange our commodities, were \$4,500,000,000 of commercial paper, and \$1,000,000,000 of actual money—\$5,500,000,000 all told. Then, in the spring of 1893 England threw \$108,000,000 of securities upon our markets, converted them into gold, and commenced the withdrawal of the gold out of the country. The great daily newspapers commenced the agitation that the continued purchase of silver under the purchasing clause of the Sherman act was causing the gold to flow out of the country. These editorials, starting originally with the papers of New York, Boston, Philadelphia, Chicago, and all the great daily newspapers of the country, were taken up by the country newspapers, and the bank depositors getting the daily and weekly papers, reading these editorials, where they saw the number of million dollars leaving the country daily and weekly, and the assertion that the cause of it was the continued purchase of silver under the purchasing clause of the Sherman bill, and if that clause was not repealed it would create a panic, because it would drive every dollar of gold out of the country—as I say, the bank depositors reading these editorials, their minds were prejudiced and framed and they became alarmed and rushed to all the banking institutions and commenced to withdraw their deposits out of the banks, so that the latter part of June and first of July, 1893, we found this condition: That the manufacturer, who had, previous to that, made contracts to deliver his product and take in payment for that product notes running for four months' time, went to the banking institutions with the notes and the notes were turned in to the banker, but the banker said: "Self-preservation is the first law of nature, and we must first protect our depositors. We cannot discount any more commercial paper."

Now, that condition became general in all banking

institutions of this country, and the result was that this confidence money or commercial paper which was being used to exchange products up to that time was refused by the banking institutions to be any longer discounted, and the manufacturer was compelled to close down his plant.

Manufacturers Make Their Own Money

Now, I want to give two illustrations. I was talking with Mr. Schmick, who is secretary and treasurer of the Cherry Valley Iron Works of Leetonia, Ohio, where they have quite a large plant and employ a great many men, and he said: "Mr. Coxe, I do not know what caused this business depression, but I know this: when the panic came on the Cherry Valley Iron Co. had deposited at Cleveland \$40,000 to their credit, and I went two or three days before pay day and drew a check for \$10,000 to get the currency to pay the men their money.

"The banker said to me, 'Mr. Schmick, we can not allow you to draw this money out.' 'Why,' I said, 'what is the matter?' 'Why,' he said, 'there have been runs made upon our bank and all the banking institutions of this country, and we have not got the money to cash the check.' He waited there two days, and at the end of that time the banker, by considerable hustling, raised \$6,000. He wanted \$10,000, and had \$40,000 upon deposit, and when he found he could only get \$6,000, he telegraphed to another iron concern in Columbus, Ohio, by the name of King, Gilbert & Warner, to send him by express \$4,000 in currency to Leetonia, which he did, and with that \$6,000 he got from the bank at Cleveland he went back to Leetonia and was able to pay his men, but he called his men up after paying them and told them what had happened.

He said to them, "I think it would be better to close down our plant, because there is a panic in the country now. It is impossible to get money to pay you, and when the next pay day comes I may not be able to get the money to pay you, and you will be dissatisfied and make trouble for us." The men withdrew and went into their labor organization and held a consultation, and their committee went back and reported to Mr. Schmick that they thought he should run on if he had orders; that they would work for him, and if he could not get the money for them by pay day they would work and wait until they got it. That is one illustration.

Now I will give you another one. Russell & Co., a manufacturing concern of Massillon, Ohio, when the panic came on had contracts to deliver steam engines for manufacturing plants throughout the country. They delivered the engines, and after the delivery they received notes in payments for the engines. They took the notes to the banking institutions and were unable to get them discounted, and the result was they could not get money to pay their men, and they were compelled to close down their plant, and after being closed down over six weeks, throwing 800 men out of employment in the city of Massillon, where I live, the only way they could start up their plant was by issuing their own money, and that is what they did. Here is one:

No. 18858

MASSILLON, OHIO, August 12, 1893.

December 20, 1893, after date

For Value Received, RUSSELL & CO.

Promise to Pay J. W. McClymonds, or bearer,

ONE DOLLAR,

At their office, with interest at 6 per cent. to maturity only,

J. W. McCLYMONDS,

Treas.

C. M. RUSSELL,

*Sec'y***\$1**

I am not presenting this as making any fight against Russell & Co., only to corroborate what I say is the cause of the present business depression. They closed down their plant and the only way they could start it up was with yellowbacks instead of greenbacks. Let me say something else in that connection which I think is strong proof of my claim as to the cause of the present business depression. J. W. McClymonds, treasurer of Russell & Co., is also president of the Merchants National Bank. C. M. Russell, who signs himself as secretary of Russell & Co., is a director in the Union National Bank of Massillon. You all know that the presidents and directors of banking institutions say whose paper shall be discounted in their institutions.

Now, if those two men connected with Russell & Co., delivered products and took in payment notes—you know that all of the property of the men giving the notes is back of the notes—and then indorsing these notes with the name of Russell & Co., that puts Russell & Co. back of that, and when they take these notes to a banking institution which they control and are unable to get their own notes discounted in their own institutions, how can you expect a manufacturer who has no influence with a

banking institution to get notes discounted? Does it not corroborate and prove conclusively that that which has closed the manufacturing plants down is on account of the manufacturers not being able to get their paper discounted, and to get actual money to continue their business? *If that is the case the issue which was fought last fall on a fear of the repeal of the tariff was a false issue.* That is the point I make, and it was simply done, I believe, to divert the minds of the people from the real cause—the money question.

There is something else in connection with Russell & Co., and that is this: Mr. Russell told me within the last three weeks that they had \$1,000,000 of farmers' notes in their safe. They also manufacture threshing machines and they take in payment the notes of the farmers and whoever will buy of them; and he said they had \$1,000,000 in their safe and he could not tell anything about the value of them whatever. He did not know whether he would get 10 per cent. or 25 per cent., or what; and he also told me something else in connection with it—that they had mortgages upon the crops of farmers in Oregon and that the price of the product was so low they did not harvest the product but allowed it to rot upon the field. That is something else which I think deserves the attention of you gentlemen.

What the Panic has Cost the Country

Now let us see how that has affected the price of the products of the country—the fact of the manufacturing plants being closed down. It has created an army of unemployed numbering from 3,000,000 to 4,000,000 people—say 4,000,000 of people. Now 4,000,000 of people as heads of families means from 15,000,000 to 16,000,000 people dependent upon those 4,000,000, and adding the two together you have 20,000,000 of people who used to be consumers and producers of commodities out of the market; because when a laborer is thrown out of employment upon which he depends for a livelihood, he can not purchase the money to buy the necessaries of life. Is there any further reason for the fall in the price of wheat down to 50 cents a bushel, and the same way with wool to 12 cents a pound, because these 20,000,000 of people have been stopped from purchasing and consuming?

Then, the question of horses comes up. The farmer wonders why the price of his horses goes down and thinks there may be an overproduction. But that is not the case.

Let us look and see who it was who purchased the farmer's horses four or five years ago, when he got \$200 to \$225 for a horse. It was the manufacturer. What did the manufacturer do with the horses? He used them for conveying the raw material from the railroad to his plant and the finished product from his plant to the depot. They were the people who were buying them, and in anticipation of the wants of the manufacturers of this country the farmers commenced to raise and produce horses and get them ready for the market, and in 1893 they had them ready to sell, but when the farmers put them upon the market, who did they find were their competitors? Why, the very men whom he anticipated would be the buyers.

The manufacturer is now his competitor because he is a seller, not because he is producing horses, but because he has no longer use for horses, as his plant remains idle for a number of months and his interest account must be cut down in some way, and so he sells these things; he realizes upon them upon the open market, and when the farmer goes to sell a horse he comes in competition with the man whom he supposed would be a purchaser then. Of course, the demand being taken away for the horse, the price is bound to fall. It is true with every branch. You will find it in the steel business, in the iron business, in the wool business, in the clothing business, and every branch will be affected the same, because you have taken the purchasing power away from the consumers.

Now you have seen this system fail. Why? Because we had business based upon \$1 of actual money and \$9 of credit money, and I am not taking into consideration the hundreds of millions of commercial paper that lie locked up in safes of the manufacturers that are not used at all, but simply from the view of the statement of \$4,500,000,000 of discount.

Now then I claim the necessity for these two bills which have been referred to your committee is apparent. The reason I claim the necessity for the passage of these bills is this: We should get down to a system of actual money instead of credit money or confidence money, and this will bring it about. The first bill is called the good roads bill, and is known as that. That calls for Congress to authorize the issue of \$500,000,000 of full legal tender Treasury notes, making them full legal tender for all debts, public and private, and appropriate to each State and Territory pro rata with the number of miles of road

in each State and Territory at the rate of \$20,000,000 per month to set these 4,000,000 of idle and unemployed people to work in macadamizing the roads all over the United States. I know they are needed pretty badly at Pittsburg, and I know they are needed nearly as badly in the vicinity where I come from.

There is a provision in this bill which says that all labor shall be done by the day, and not by contract labor, and that the rate of wages shall not be less than \$1.50 for a day of eight hours, and \$3.50 a day for a team and labor. This, in my opinion, would settle the eight-hour question, because it would bring about this condition: that the Government would stand ready at any and all times to give employment to the idle and unemployed at a rate not less than \$1.50 for a day of eight hours, and thus no manufacturer or firm would be able to hire a single individual for less than what the Government would be willing to pay, which would be \$1.50 a day for a day of eight hours.

Now the other bill, the non-interest bearing bond bill, calls for Congress to grant to the States, counties, townships, municipalities, towns, or villages the right to issue bonds, without interest, not to exceed one-half of the assessed valuation of their property, to run for twenty-five years, and to deposit those bonds with the Secretary of the Treasury at Washington as security for the repayment of the money. Then that it shall be mandatory upon the Secretary of the Treasury to authorize the issue of the face value of these bonds in full legal tender money, keeping out 1 per cent., the actual cost of making the money, and forwarding 99 percent. to the State, county, municipality, township or village which issues its bonds and deposits them with the Secretary of the Treasury as security for the repayment of the money, they agreeing to pay this money back to the general government at the rate of 4 percent. per annum, all payments to be applied upon the principal, and in twenty-five years the bonds will be cancelled and the municipality will be free from debt. Now, I would like to illustrate:

Mr. Dalzell. What is the amount contemplated will be issued by that?

Mr. Coxey. Not to exceed one-half of the assessed valuation of the property.

Mr. Dalzell. Have you any idea or can you give us

any approximate figures, of the amount that will be issued. Take the last census for instance?

Mr. Coxey. No; I can not.

Mr. Dalzell. You have not looked into that?

Mr. Coxey. I cannot do that for this reason. My idea of the money question is simply this; we should furnish a sufficient volume of money for the demands of trade, and you will see as I go along, I will take up that question and make an illustration which I think, will make it clear to you.

Mr. Dalzell. I am trying to understand this thing, and I understand that under your first bill we will have \$500,000,000, and I would like to know how much additional we will have under the second bill.

Mr. Whiting. I understand that would be determined upon by what the municipalities would decide to do, as to whether they would issue bonds or not. Only townships which would want to improve the roads would take advantage of the law, and other townships might say that they did not care for them, so it would lay entirely with the judgment of the township.

Mr. Coxey. Yes, sir.

The Chairman. As I understand, the only limit is one-half of the total assessed valuation of all property in the country?

Mr. Coxey. Yes, sir.

Mr. Dalzell. That, I suppose, is to be determined at the time the bonds were issued?

Mr. Coxey. Yes, sir.

The Chairman. Do you allow the counties to issue and also the municipalities within the counties—

Mr. Coxey. Yes, I will reach that point—

The Chairman. Then, will there not be danger of duplication?

Mr. Coxey. I will answer this way, Mr. Chairman. I do not anticipate a changing of the present bond system only so far as to abolish the interest. Our present system allows all towns, villages, townships, municipalities, counties and states to issue their bonds bearing interest.

Mr. Dalzell. A matter of regulation by state law.

Mr. Whiting. Not to exceed 5 per cent.

Mr. Coxey. There are different regulations in different states. In order to illustrate this I will take a municipality that is assessed \$200,000; then it would be allowed

to issue bonds not to exceed one-half of the assessed valuation, which would be \$100,000, and without interest, running twenty-five years. They would forward that bond to the Secretary of the Treasury and deposit it with him as security for the repayment of the money, which is similar to what the national banking institutions are doing now with the Government bonds. Then he would authorize them to issue \$100,000 of full legal tender money on this bond, keeping out \$1,000 to pay the engraver, printer, paper manufacturer, etc., for making the money, and he would forward \$99,000 to the treasurer of the municipality, to be paid out for making all manner of public improvements, such as street car lines, electric light plants, waterworks, putting in sewers, paving streets, building school houses, market houses and making every manner of public improvements that would be a convenience and a comfort to the people of the municipality where the bond was issued. Now the question arises—

Basis and Redemption

Mr. M'Millin. How do you provide for the redemption of these bonds?

Mr. Coxe. I will tell you in a moment. The first question in a man's mind is, What is back of this money? That is always the first question when you bring this up. You have issued a bond for \$100,000, and back of that bond is \$200,000 of assessed property. There is \$2 of property back of every dollar you have made and put into circulation before you have made any improvements. Then you start the idle and unemployed to work in creating value in the public improvements, and the city treasurer will pay money out to men who render the services and create the value; thus, you expend \$99,000 in creating \$99,000 of value in the shape of public improvements, which is added to the \$200,000 of assessed value, and you have increased the value of your money when you put it into circulation for services rendered and value created 50 percent. over when you commenced, so when you finish your improvements you have \$3 of property back of every dollar of circulation, whereas you had \$2 when you commenced.

Now, as to the redemption about which the gentleman on the right asked me. The first year they levy a tax rate to raise 4 percent. per annum to be applied upon the principal, the same as they do now in levying a tax rate of 6 percent. per annum, to be paid in interest, while they

shall owe the principal. You raise the taxes, you send them in an express package to the Secretary of the Treasury, and he takes the amount of taxes there, just the same as the postmaster takes a stamp, and cancels it, and that money has been redeemed, and through taxation—the only true redemption of money. He credits that \$4,000 4 per cent., upon the principal of the bond, which reduces the principal of the bond down to \$96,000 the first year, and you still have back of that \$96,000 in circulation \$299,000 of value.

Mr. M'Millin. What do you do with the \$4,000 sent to the Secretary of the Treasury?

Mr. Coxey. It is cancelled and withdrawn.

Mr. M'Millin. You provide for cancellation after return?

Mr. Coxey. Yes, sir.

Mr. M'Millin. And you provide no metallic redemption at all?

Mr. Coxey. No, sir; no metallic redemption.

Mr. M'Millin. In the event a county or municipality defaults in the payment, where do you provide suit shall be brought for the enforcement thereof?

Mr. Coxey. The property belongs to the Government because it has got a bond on it.

Mr. M'Millin. But you see the Government would want the money; it would not want to run every town in the country.

Mr. Coxey. It is simply a part of the Government. Every municipality and every town is a part of the Government, and it is simply furnishing the people—

Mr. M'Millin. But you do not provide where any suit is to be brought or litigation by which they can be forced to pay when they fail to pay?

Mr. Coxey. Not any more than under the present bond system.

Mr. M'Millin. If there should be no provision would not that necessitate the closing of the transaction in the Federal court, as that is the only court of the Government of the United States?

Mr. Coxey. I presume it would.

Mr. Dalzell. All this if I understand you, proceeds upon the assumption that it is a proper function of the Federal Government to authorize loans by municipalities on various improvements?

Mr. Coxey. I will illustrate that, Mr. Dalzell, right along in this argument. Yes, sir; that is the stand I take.

Advantages Over the Present Bond System

Mr. Dalzell. For instance, under the laws of Pennsylvania, if a municipality is confined in issuing its bonds to 5 percent. of its assessed valuation, you would overturn that law by a Federal law which authorizes them to issue 50 percent?

Mr. Coxe. Yes, sir. Now, the second year they levy another tax rate to raise another 4 percent., the amount they agreed to pay back to the General Government annually. This is sent to the General Government, to the Secretary of the Treasury, who cancels it, and you have reduced your principal in two years to \$92,000 and you still have your \$299,000 of value back of the \$92,000 in circulation. By continuing that process, paying 4 percent. per annum upon the principal, at the end of twenty-five years your bond is handed back by the General Government, and the General Government says to the States, counties, municipalities, townships and villages, "you have done your part and we now cancel the bond." They are free of debt.

Take the present system. How does the municipality borrow money? They call the council together and authorize the issue, say, of \$100,000 of bonds, if they need that much money, provided they have got property enough. Of course the limit is smaller than what I give, but I only make that limit so as to furnish the money in case they need it. I do not think they will need it, but I do claim if they need the money they ought to have the privilege of getting the money, and they will not borrow more money than they need from the simple fact that they are taxed annually 4 percent. to pay back, but these payments go down upon the principal. Now, say the council authorizes the issue of \$100,000 of bonds and they agree to pay 6 percent. interest upon the bonds and the bonds are to run twenty-five years. They deposit the bonds with some banker or money lender. They receive the money upon the bonds and then they go and tax the people and raise 6 percent. interest upon that \$100,000, \$6,000 for twenty-five years, and at the end of twenty-five years they have paid \$150,000 in interest, and then they are just where they started, because they still owe \$100,000.

If the municipality under the present law can issue bonds and tax the people to pay 6 percent. interest upon those bonds for twenty-five years, it strikes me it should

be able to pay 4 percent. upon the principal without interest, and under this system, I believe, if adopted, it would go a long way toward abolishing municipal taxation. You take large cities like Philadelphia, New York, Pittsburg, and the majority of the great cities, the revenues from the street-car lines, waterworks, electric and gas plants would more than pay the running of the municipality and pay back to the General Government this 4 percent. per annum upon the amount that they borrowed from the General Government to pay for these expenses, and therefore it will not only lower the tax rates, if not altogether abolish the tax rates in municipalities throughout the country, but it would have a beneficial effect upon the city manufacturers, because my friend here in front realizes this fact, that a great many manufacturing plants are driven out of large cities on account of excessive taxation. They are driven to seek places in the country, on the suburbs of the city, that are inconvenient to people who want to go to the plant to get material and repairs and all that kind of thing, and this will take away that bad feature of driving the manufacturers out into the country.

A township under this bill can borrow money from the General Government and use the money to build a schoolhouse and make township roads. The counties can put out county bonds and deposit those bonds with the Secretary of the Treasury and build a courthouse and make improvements; and I would like to illustrate that, because in my own county, Stark, our county commissioners have authorized the issue and have issued \$200,000 of bonds, bearing 5 percent. interest, to run twenty years. They have sold those bonds, and they have the cash to be paid out to build a courthouse.

Now, they will tax the people of Stark county 5 percent. on the \$200,000 for the next twenty years, which will be \$200,000, and we will be where we are today, because we will still owe the \$200,000 of the principal, and I do not know where we are going to get the money to pay it. Under my plan you would issue bonds running for twenty-five years without interest, deposit the bonds with the Secretary of the Treasury, and receive the face value of that bond in full legal tender Treasury notes, keeping out \$2,000, the actual cost of making the money, and the Secretary of the Treasury would forward \$198,000 to the county treasurer of Stark county to be paid out for building that courthouse. Then they would tax back out of the

county \$8,000 each and every year to be paid and applied upon the principal, and at the end of twenty-five years our bonds would be canceled. Now we are taxing out of the people of Stark county \$10,000 each and every year, and at the end of twenty years we will still owe the \$200,000 in bonds. That illustrates the county loan. You go up to the States and see how beneficial it would be to the States.

Shall the Government Own the Railroads?

The great issue, I believe, which is before the American people today is whether the railroads are going to own this Government or the Government is going to own the railroads. I can show you plainly under this how you can buy up the railroads of every State and Territory, and pay for them, and the people will not be taxed one cent to pay for the railroads, and in order to do that I will illustrate how they organize a railroad corporation, because I think it is essential to do so. It requires half a dozen men to organize a railroad corporation. They get together and organize it. The next thing is, they go to the State capital and get a franchise, and that franchise gives the right of way through every man's property to the railroad.

They start an engineer to surveying the railroad, and he goes to a farm of a farmer, and gets over the fence and orders a stake put here and a stake put there, and probably one put right up to the house, and by that time the farmer comes out and he says to the engineer, "What are you doing here?" The engineer says, "I am staking out a railroad." The farmer says, "Where are you going to run it?" And the engineer replies, "I am going to run it right straight through your house." The farmer becomes angry, and he drives the engineer off his farm. The engineer goes and reports to the railroad corporation, and states that they cannot go through the farm. The attorney of the company goes to the court and petitions the court to appoint a jury or commission to assess the value of the farm. They do that, and they go back and render a verdict of \$700 damages done to the farmer against the railroad company. What does the railroad company do? They take \$700 of lawful money issued by the General Government and tender that in court and say to the man, "Now move out." And if he does not move out they get a sheriff and move him, and the law gives them that

right. Now, that man had a deed to that property; he owns it, and where is the law for it?

Under the Constitution and law, which says it is for the common benefit of the whole people of this country that that railroad should be built right straight through the farmer's farmhouse, now, under the same law and Constitution that guarantees equal rights to all and special privileges to none, I claim that we can condemn the railroad property of this country and take it.

The Government Can Buy the Railroads Without Taxing People

Now, how can that be done? Go into the courts after the passage of the non-interest-bearing bond bill and petition the court to appoint jurors or a commission to go and view the railroad property of the States and Territories, and, after they have viewed it, to render their verdict in the courts and state the number of millions of dollars necessary to pay for them, and then tender them lawful money as issued upon bonds without interest running twenty-five years, based upon all the value of the States; deposit those bonds with the Secretary of the Treasury and get the face value of them, less 1 percent. for making the money, in full legal tender money, and then take that lawful money and tender it into the court which will be lawful money, and get deeds for these railroads, and then go to the railroad magnates and tell them to move out, just the same as they told the farmer under the same law and same Constitution.

How beneficial that would be to the manufacturers and business men and laborers of the country! Under this system you will have abolished dividends upon railroad stock, including all the water, and also interest upon railroad bonds. No more interest upon railroad bonds then, and the revenues and freight receipts from the railroads would more than pay 4 percent. per annum back to the General Government which you have agreed to pay upon the amount borrowed from the General Government, and in twenty-five years your bonds would be cancelled and you would be free of debt and the freight rates could be lowered much more, and under that system alone, by abolishing dividends upon railroad stock, interest upon railroad bonds, you stop this drain of gold that is leaving our country now daily and weekly to pay dividends and interest abroad. I say that this Government has the right

to make money which would be doing this, and save that \$300,000,000 annually to the people of this country.

Elasticity of Money and Automatic Regulation of the Supply

Now, the next question comes, How are you to put the money in circulation? I claim this non-interest bearing bond proposition will act in regulating the speed of the business of the country exactly the same as the governor does the speed of a steam engine. When I was a young man 16 years of age, for ten years I ran a stationary engine in a rolling mill, and we set the governor to run the engine at 60 revolutions a minute. I put the steam on, and the engine commenced to start, and when it commenced to get up to 60 revolutions a minute the governor balls went up and began to close the valve, and when it closed the valve the engine slackened down to 59 revolutions, and then the balls would drop and start to working the valve in the other direction; so it worked up and down, regulating the speed of that engine between 59 and 60 revolutions a minute. This bill will act just the same and in this way:

There are 4,000,000 idle and unemployed people in this country; 1,000,000 of them always work upon public improvements when they are to be made, but there are none to be made now, because we have not the money to make them. Three millions of them work in manufacturing plants and upon farms, and they are idle for the same reason that the farms are not profitable; and the same way with manufacturing plants; they are closed down. The 4,000,000 of men will start to work after the passage of this bill, and at the end of the first eight hours they have created, as they get not less than \$1.50 a day, \$6,000,000 of value in the establishment of public improvements. Now, as you create value by great public improvements you coin that value into a medium of exchange called money of full legal tender value for all debts, public and private, and you pay those 4,000,000 of men for the services they have rendered in creating that value.

The first evening these 4,000,000 of men take \$6,000,000 of the representative of the value they have created in that eight hours and they go to the various stores of the country and they purchase of the surplus products of the country. They take them out of the stores and leave in their place \$6,000,000 of legal tender money; they go to

work the next morning; having consumed some of the products—they have had a good breakfast, say the first in a year—they work another eight hours, and at the end of that eight hours they have created another \$6,000,000 of value, for which the Government gives them \$6,000,000 of full legal tender money, representing the value of these improvements which they have created, and they purchase another \$6,000,000 of provisions. In one month's time they have created \$140,000,000 of value in the shape of public improvements, and the Government has coined that into \$140,000,000 of medium of exchange, representing the value of the improvements they have created, and these men have purchased and paid for and consumed \$140,000,000 of the surplus products of the country.

Now, if we create a demand and work off the surplus products, the merchants will write to the manufacturers and the farmers for more goods, and tell them that they want to pay for those goods with money; that they do not want any longer to give their notes, running for three or four months. It may be that manufacturers read that with surprise, because they have been accustomed to do business by receiving and tendering notes in payment, and, they say, we can start up now, because we do not have to ask the banks to discount commercial paper, but we will start up and pay manufacturing expenses, and when we deliver the goods we get money in payment for them.

They try to start the plant, and they find somebody has hired the men. Where do they find the men? They find 3,000,000 who have worked in the plants are now working on public improvements, opening the valve at Washington and letting the money in to start the whole wheels of industry going again, and they have done it. They call 3,000,000 off the public improvements because the engine has gotten up to 60 revolutions per minute with 4,000,000 men on public improvements. They take 3,000,000 off and then the engine slacks down to 59 revolutions, when the 1,000,000 left there enables the engine to run from 59 to 60 revolutions, and by that system it equalizes the speed and keeps that engine running between 59 and 60 revolutions a minute all the time this bill is left upon the statute books.

Then you have taken away by the adoption of that every chance of any possible stringency in the future. Why? For this reason, if there is a strike among the coal

miners, or the employes of some manufacturing establishment have got a complaint, the men idle and unemployed can go upon the public improvements, and they can get a fair return for a fair day's work, and if a manufacturing plant burns down they have a place to go to work and create a demand, to supply which these plants will have to be set to work. Another strong feature of this is this question of what we call over production, being surplus production, from the simple fact the purchasing power has been taken away from the people. Now you will give them purchasing power to consume this surplus product instead of producing something that will be put upon the market and come in competition with an already overburdened market. This is not a marketable improvement. You do not sell this or put it upon the market to sell it. It simply improves the states, counties, townships, municipalities and villages for the general good of all. You do not sell the improvements.

What Money Is

Now as to the question of money. I wish to touch upon that because they tell you that you have got to have money which is redeemable in gold. Now, the kind of money I have advocated here today is not only redeemable in gold, but in silver, or iron, or copper, or wheat, or rye, or oats, or cotton, or wool, and everything else that is produced in this country, including labor. Then you have got a stronger money than that which is only redeemable in gold, because it is redeemable in gold and everything else. Let us analyze that part. You start two men to work. Say one man works upon a highway and he works eight hours, and at the end of that eight hours he has created \$1.50 of value in improvements, and the government coins that into \$1.50 of legal tender money. It pays him at the end of that service \$1.50 of full legal tender paper money, which is the representative of the value that he has created. He has it in his hand. It is an order for all kinds of goods in this country.

Suppose the second man is a man working in a gold mine, and he works eight hours, and at the end of that time he brings up the actual value in his hand what is called the intrinsic value of \$1.50 in gold. Now, say these two men start for the grocery store and purchase \$1.50 of groceries each. They purchase these groceries and then they are indebted to the groceryman \$1.50 each. The man who works on the highways says, "I want to pay for

those groceries," and he tenders the legal tender note of the government, and the groceryman says, "I will not take it." The man who has the gold tenders his gold in payment to the groceryman, and the merchant says, "I will not take that."

What do they do? They go to that great arbiter, the justice of the peace, who settles any differences of \$1.50 and is the agent of the government to that extent, and the three men, the merchant and the men who have created the value, enter the justice of the peace office, and the merchant says to the justice of the peace: "These men have each purchased \$1.50 worth of groceries, and they have not paid me for them." The man working upon the highways says: "I wish to pay for mine." And he tenders his full legal tender paper money that he received from the government to the squire, and the squire takes it and sees the act of Congress and engraving upon it and the stamp upon it, which says: "This is full legal tender for all debts public and private," and he looks up at the merchant in surprise and says: "Merchant, that settles your account," and the merchant says, "I will not take it." The justice says: "Then your account is settled anyway, because all you can get is what Congress says is legal tender for debts." The merchant changes his mind and takes it then.

How about the man who mines the gold? He says: "I want to pay the groceryman," and he tenders the gold to the squire. The squire looks at it and says: "What is that?" He says: "That is gold, and that is what Sherman and Carlisle say is money; money is gold, gold is money, and gold is God's money." The justice of the peace says: "Take that to the Philadelphia mint and get the stamp of the government on it, just the same as the paper has, and then you can tender it in payment of debt, and not until then." He does that, and he brings it back and pays the debt. Now, what was used about that gold and paper money in paying that debt? It was the legal tender value, and that is all you can use in money.

There is another question comes up, and that is, how about settling foreign indebtedness. Mr. Blaylock, of Blaylock & Blynn, hatters, of Philadelphia, in conversation I said to him, in talking over this question, "Mr. Blaylock, have you not got a lot of accounts back here you would gladly take full legal tender American money for?"

He said: "You are right." I said: "Provided you have got that money for the hats you have sold and you take it over to a bank of deposit, could not you buy a bill of exchange on England in payment of imported goods?" He said: "Certainly." I said: "Where is the necessity of gold for money here? You must part with your labor to buy it, and first part with the labor to buy paper money issued by the government, because you have got to render services before you can get it. You cannot get it like the banks now. They are not rendering services for the money they get; there would have to be services rendered and value created for this money, and then you can get the gold; if we need gold to go to Europe, buy that commodity, because when it leaves this country it simply goes as a commodity, as wheat, or cotton, or any other production in this country which is shipped to Europe."

Now, if there are any questions which you gentlemen feel like putting to me on this question, I will gladly answer them to the best of my ability. I do not claim to know everything on the subject, though.

Mr. Whiting. This plan would eliminate interest altogether?

Mr. Coxe. It would, as far as public improvements—

Mr. Whiting. But would it not eliminate all interest?

Mr. Coxe. Well, no; I do not think it would.

Mr. Dalzell. You say it would destroy railroad dividends, and all that sort of thing?

Protection and Revenue

Mr. Coxe. It forces the people who now have their money invested in railroad enterprises, in telegraphs, telephones, to put their money into individual enterprises in developing the country, for example; and here is one important feature I failed to mention, and that is that there are \$5,000,000,000 of English money invested in our different securities, trusts and combinations here. We are taxed from \$250,000,000 to \$300,000,000 annually in interest and dividends for the use of a thing that we ought to make ourselves, money. That is what this bill will do. That is the kind of protectionist I am; I want to drive every dollar of foreign money out of this country and make the money to do our own business.

Mr. Dalzell. And buy nothing abroad at all.

Mr. Coxey. Oh, certainly; we will buy something abroad; we will buy more abroad than now. Why? They wonder why the receipts of the government have fallen off. It does not appear to me they have struck the root of it. If you stop 20,000,000 people from consuming commodities, some of which undoubtedly come from abroad, that is one thing which would make your imports fall off; it is simply because you have taken the purchasing power away from 20,000,000 of people altogether, and from probably 30,000,000 more 50 per cent. of their purchasing power has been taken away and that has had an influence upon the subject of imports into this country, but here is the question of money.

We are at the mercy of English money lenders now. At any time they can create a panic, if they wish to do so, by throwing \$200,000,000 or \$300,000,000 of securities on the market, converting them into gold and taking the gold out of the country. There would be one way of stopping the drain of gold upon the treasury if the secretary of the treasury would use the prerogative that he has, and that is to determine that he has the right to pay in any kind of lawful money issued by our government, and that when there is a legal tender presented to the Treasury he has got the right to present in payment for that legal tender silver. That would stop the run upon the treasury if he commenced paying out in silver.

Mr. Dalzell. Let me ask this question: Why limit the beneficence of your scheme to municipalities?

Mr. Coxey. I do not.

Mr. Dalzell. Why should not the individual property owner issue his twenty-five-year non-interest-bearing bond and get 50 per cent. of the value of his property in this money?

Mr. Coxey. I will answer that question in this way: I under this plan propose to change the system of issuing bonds to borrow money for municipal improvements. That is a great innovation over the present system, because it will break the backbone of a monopoly of money in this country. I might agree with you that that might be a proper thing to do, and I believe it is, but I am not talking—

Mr. Dalzell. I am not suggesting it, but I am simply asking why you should limit it to municipalities, and why not extend it further?

A Change From the Credit System to a Cash System

Mr. Coxe. I realize that a man can be too radical in anything. I am trying to accomplish something here that will be beneficial to the people of this country, and I am satisfied that it will furnish the money that is necessary to do the business of this country upon a cash system.

Mr. Whiting. And you propose to be conservative?

Mr. Coxe. Yes, sir; I do. I propose to substitute a cash system for a credit system, and we have seen the result of the other, the credit system, fail in the last eighteen months.

Mr. Dalzell. You just draw the line upon municipalities?

Mr. Coxe. No; townships——

Mr. Dalzell. No; I mean municipal institutions, whatever they are; that is where you draw the line between radicalism and conservatism?

Mr. Coxe. Yes, sir.

Mr. M'Millan. Has it occurred to you there is a danger by the possession, operation, and ownership by the Government directly of all the railroads in the country; of its telegraphs, its telephones, and its means of transportation of every kind that an Administration once in power with such authority in its hands to subvert the Government and prevent it ever being ousted would ultimately result in a subversion of the Government?

Mr. Coxe. No, sir; I do not. I do not understand anything of the kind.

Mr. Whiting. Your idea is that accumulated capital could not lie idle and receive interest but they would have to engage in business?

Mr. Coxe. Yes, sir; private enterprises.

The Chairman. Do you not think the 4 per cent. you fix would have some effect in determining the rate of interest charged generally?

Mr. Coxe. Yes; there is a taxation of 4 per cent. upon the total amount issued, but there will be an automatic valve working so that whatever number of men that will work are thrown out of employment by any means at all that number will work this valve and keep regulating it.

Mr. Whiting. You think it would require Government agents to handle this money? The bankers would have no longer an existence?

Mr. Coxe. Not any more than under the present system. I establish a precedent by the National banks. Under the national-bank act it requires five individuals to organize a national-bank corporation. If they have \$100,000 of real estate in this municipality and they conclude to start a national bank, they sell that property and buy \$100,000 of money. Then they sell that money and buy another piece of real estate called a Government bond. It is real estate because it covers all the real estate of the country. That bond bears interest, is non-taxable, and they deposit that bond with the Secretary of the Treasury, or the Comptroller of the Currency possibly. He charges them no tax upon the bond, pays them interest, and gives them 90 per cent. of the face value of that bond in national-bank notes at a cost of 1 per cent. Now, what have they done? They have deposited their property—real estate—with the Secretary of the Treasury, and received interest upon it and 90 per cent. of the face value in national-bank notes to take back to the municipality to loan out to the very men who bought that property, upon their notes bearing interest.

Then how does the municipality get any of that money? Here is this other property which has been sold to buy money, to buy bonds, 90 per cent. of the face given to them then; they go back to lend upon that property again, and tax the people 6 per cent. interest upon that bond, and the people are borrowing their own money because they have loaned these people 90 per cent. of the face value of the bond at a cost of 1 per cent., and they go and pay 6 per cent. for the use of that money. This will avoid that, and I take the national banks as a precedent to establish the non-interest-bearing bond bill, because 2 per cent. of the people for thirty-one years have had this benefit of depositing this property with the General Government, getting 90 per cent. in national-bank notes at a cost of 1 per cent. I do not ask as much as the bankers; I do not ask that they pay interest upon the bonds and pay 90 per cent., but simply to give us the face value less the cost of making the money.

Mr. Whiting. Some bankers have found it cheaper to use the money they had rather than to use the Government money at all.

Mr. Coxe. After they started? After they got deposits?

Mr. Whiting. No; before.

The Chairman. The present currency plan we are discussing in the House allows a bank, under certain restrictions, to issue 75 per cent. in money upon the face of its capital, depositing 30 per cent. of greenbacks and Treasury notes, leaving a net advantage to them of a little more than 50 per cent. of the capital stock upon which they pay an interest or tax equivalent at most to 1 per cent. one-half of 1 per cent. for the regular expenses and one-half per cent. for a guarantee fund or safety fund. Your plan does away with notes, and instead of allowing the banks to issue one-half of their capital you allow the municipalities to issue one-half of their capital?

Mr. Coxe. Yes, sir.

The Chairman. So the people, under your plan, get the benefit of the loan, whereas under the proposed currency plan the bankers get the benefit?

Mr. Coxe. Yes; only 2 per cent. of the people now.

The Chairman. And then the banker uses the money for whatever he can make out of it?

Mr. Coxe. It allows him the right to charge 6 per cent. interest. My scheme is established and precedented on the national-bank system to come and demand under the Constitution equal rights to all and special privileges to none, because it will benefit directly the whole people instead of 2 per cent. of the people.

The Chairman. The rate of interest you have fixed is, of course——

Mr. Coxe. It is not interest; it is simply payments.

The Chairman. Entirely arbitrary? It can be made 5 per cent. for a less term or 2 per cent. for a longer term?

Mr. Coxe. Certainly it could. This is simply a matter of compromise with Congress.

The Chairman. Do you anticipate any danger from the contraction of the currency you speak of caused by the cancellation of this money when it comes in?

Mr. Coxe. No, sir; for this reason. I thought I made that clear to you before, but I am glad to answer that question. I claim that if a manufacturing plant is forced to suspend or burn down, or any dire disaster happens that throws a thousand men out of employment

oy shutting down, they have always got work on public improvements, because you cannot draw so far upon your imagination in the future when you will see a time when there will not be public improvements needed, because as we advance in civilization our wants increase, and as our municipalities increase in size they need more public improvement, and for that reason you can not draw so far upon your imagination that you will not see a time when improvements will not be needed.

The Chairman. You claim for your system the advantage of elasticity?

Mr. Coxey. Yes, sir; I do.

The Chairman. Which is also claimed by the advocates of the proposed currency plan?

Mr. Coxey. Yes, sir.

The Chairman. Except they believe that the banks will find it profitable to increase the currency when it is needed, and you claim that the fact that men are out of employment and need work will draw out money when it is needed, and when there is plenty of money out everybody will be employed elsewhere, so it will not be called for from the government?

Mr. Coxey. Yes, sir; that stops the valve of public improvements. When manufacturing plants are closed down the valve then opens because the men go on public improvements. There is the elasticity; that is the automatic working of the valve.

The Chairman. You think the plan by which you secure elasticity is a safer one than the banks can provide?

Mr. Coxey. Yes, sir; I do. I think it is a dangerous system to allow 2 per cent. of the population of this country to say when you shall have money and when you shall not. I know that from actual experience.

The Chairman. Do you anticipate that your plan will arouse any opposition upon the part of the banks?

Mr. Coxey. Well, a little. Mr. Chairman and gentlemen, I thank you very kindly for hearing me.

Thereupon the committee adjourned.

A Brief History of the Commonweal

The Commonweal Army had its conception in a plan devised in December, 1891, for the improvement of the public roads throughout the entire country as a means of furnishing employment to millions of unemployed men driven to enforced idleness by the closing of mines and factories, and the introduction of labor-saving machinery.



THE HOSTS ADVANCING, 1894

Bulletin No. 1 of "The Good Roads Association of the United States," of which J. S. Coxe was President, giving text of the Good Roads bill, was issued Dec. 7, 1893.

In January, 1894, the Non-Interest Bond plan was devised by Mr. Coxe, as a means of supplying the money to carry forward the improvement of the public highways and all other public improvements.

Bulletin No. 2 of the association was issued January

31, 1894, calling for signatures to petitions asking Congress to enact the Non-Interest Bond and Good Roads bills as laws, but having very little faith that Congress would do more than pigeon-hole these bills, the idea was conceived of presenting the demand to Congress in the form of a petition with boots on, and, accordingly, on Feb. 28, 1894, Bulletin No. 3 was issued, giving plan of organization, March 25, 1894, Easter, as date to begin the march to Washington, line of march, design of badges,



ON THE MARCH TO WASHINGTON, 1894

rules, notice of meetings to be held en route, and May 1 as the date of arrival at the Capitol.

March 25, 1894, Bulletin No. 4 was issued embracing General Order No. 1 to the army, when the memorable march was begun, which has taken its niche in history.

Sunday, April 29, 1894, the Commonweal, under the personal command of J. S. Coxey, reached the District of Columbia, going into camp at Brightwood park. In addition to this contingent, sixteen other separate divisions were en route to Washington City from California,

Colorado, Washington, Wisconsin, Illinois, Iowa, Oklahoma, Indiana, Pennsylvania, Massachusetts, New Jersey and other states. The barriers they encountered, hardships they endured and the incidents of the marches have become matters of history.

On arrival at Washington, Mr. Coxe called upon the Vice-President and Speaker of the House and requested permission to hold a meeting on the Capitol steps, which request—while not granted, was not denied.



ON TO WASHINGTON, 1894

Marshal Carl Browne at the head of
Coxey's Army

Promptly on time, May 1, at 12 M., the Commonwealth reached the Capitol, being greeted on the line of march and at the Capitol by the largest concourse of people ever assembled there. Police interference prevented the army from reaching the Capitol steps, but by a strategic movement Mr. Coxe reached the steps only to be confronted by a lieutenant of police who forbade him to speak from the Capitol steps.



COXEY'S ARMY ENTERING PENNSYLVANIA
AVENUE FROM 14TH STREET, WASH-
INGTON, MAY 1, 1894

COXEY AT THE CAPITOL

The Speech He Had Intended to Deliver at the Door of Congress

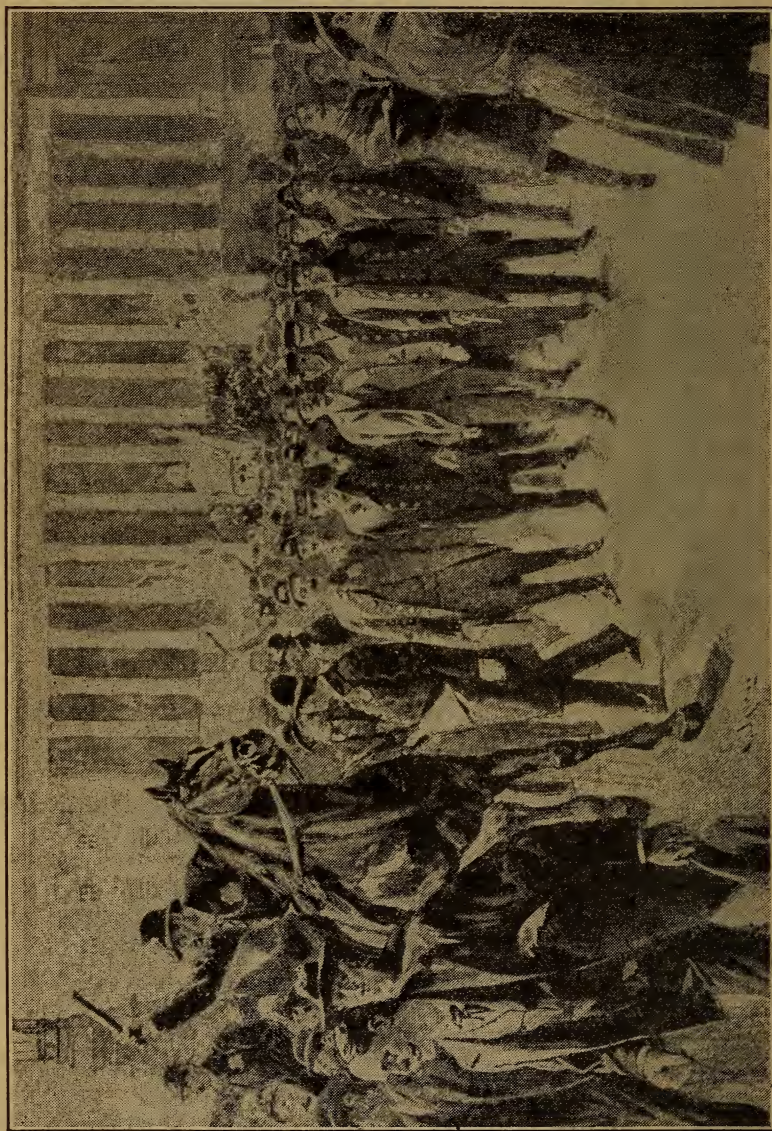
Washington, D. C., May 1, 1894.—The following is what Coxey intended to say today:

“The Constitution of the United States guarantees to all citizens the right to peacefully assemble and petition for a redress of grievances, and furthermore declares that the right of free speech shall not be abridged. We stand here today to test these guarantees of our constitution. We choose this place of assemblage because it is the property of the people and if it be the right of the people to peacefully assemble on their own premises and if this privilege has been abridged by the passage of laws in direct violation of the constitution, we are here to draw the eyes of the entire nation to this shameful

fact. Here, rather than any other spot upon the continent, it is fitting that we should come to mourn over our dead liberties, and by our protest arouse the imperiled nation to such action as shall rescue the Constitution and resurrect our liberty. Upon these steps where we stand has been spread a carpet for the royal feet of a foreign princess, the cost of whose lavish entertainment was taken from the public treasury without the consent or approval of the people. Up these steps the lobbyists of trusts and corporations have passed unchallenged on their way to committee-rooms to which we, the representatives of the producers, have been denied.

“We stand here today in behalf of millions of toilers whose petitions have been unresponded to, and whose opportunities for honest, remunerative, productive labor have been taken from them by unjust legislation protecting idleness, speculators and gamblers. For a quarter of a century the rich have been growing richer and the poor poorer, and by the close of the present century the middle class will have disappeared as the struggle for existence becomes fierce and relentless. We stand here to remind congress of its promise of returning prosperity should the Sherman act be repealed. We stand here to declare by our march of over 500 miles through difficulties, a march unstained by even the slightest act that would bring the blush of shame to any, that we are law-abiding citizens, and as such our actions speak louder than words. We are here to petition for legislation which will furnish employment for every man able and willing to work, legislation which will bring universal prosperity, emancipate our beloved country from financial bondage to the descendants of King George. We have come to the only source which is competent to aid the people in their day of distress. We are here to tell our representatives, who hold their seats by grace of our ballots, that the struggle for existence has become far too fierce and relentless. We come and throw up our defenseless hands and say: ‘Help, or we and our loved ones must perish.’

“We are engaged in a bitter and cruel war with the enemies of all mankind—a war with hunger, wretchedness and despair, and we ask Congress to heed our petitions and issue for the nation’s good a sufficient volume of the same kind of money which carried the country through one awful war and saved the life of the nation. In the name of justice, through whose impartial adminis-



COXEY ESCORTED FROM THE STEPS OF THE CAPITOL
Harper's Weekly, May, 1894

tration only the present civilization can be maintained and perpetuated, by the powers of the Constitution of our country upon which the liberties of the people must depend, all in the name of the Commonweal of Christ, whose representatives we are, we enter a most solemn and earnest protest against the unnecessary and cruel act of usurpation and tyranny and this enforced subjugation of the rights and privileges of American citizenship. We have assembled here in violation of no just laws, to enjoy the privileges of every American citizen.

"We are now under the shadow of the capitol of this great nation and in the presence of our national legislature are refused that dearly bought privilege, and by the force of arbitrary power prevented from carrying out the desire of our hearts, which is plainly granted under the great Magna Charta of our national liberty. We have come here through toil and weary march, through storms and tempests, over mountains and amid the trials of poverty and distress at the doors of Congress in the name of Him whose banners we bear, in the name of Him who pleaded for the poor and the oppressed, that they should heed the voice of distress and despair at this now coming up from every section of our country, that they should consider the conditions of the unemployed of our land and enact such laws as will give them employment, bring happier conditions to the people and the smile of contentment to our citizens.

"Coming as we do with peace and good will to men, we shall submit to these laws, unjust as they are, and obey this mandate of authority of might, whoever overrides and outrages the law of right. We appeal to every peace-loving citizen, every liberty-loving man and woman in whose breast the fire of patriotism and love of country has not died out, to assist us in our efforts towards better laws and general benefit.

J. S. COXEY, Commander of the Commonweal.

The arrest and imprisonment of Coxey, Jones and Browne for twenty days, and fines of five dollars, and the imprisonment of the balance of Commonwealers by the Governor of Maryland, making a raid upon the camp in the night, by fifty heavily armed policemen from Baltimore, surprising each of the men and taking them before a "Jeffries" justice of the peace in the plot, who shamelessly ordered them confined in the Maryland workhouse for no other crime than not having any work to do, the

justice expressing sorrow that Mr. Coxe was not one of the number, and showed great chagrin that the young man with the blue and gray uniform on was not Jesse Coxe, he having eluded the vigilance of the officers. And though busy with his campaign in Ohio, Mr. Coxe went to the scene of the outrage and employed a lawyer—Mr. Ralston—and applied for a habeas corpus and put the governor of Maryland in such a dilemma that he was compelled to pardon the men out to save himself from the ignominy that would surely have followed his high handed proceedings ventilated in a court of record. But by some oversight, three Commonwealers were not let out until the last week in October and the hardships that they underwent has been put in form of affidavits that caused the governor of Maryland to abandon the contest for re-election. One of these three men is so broken by hardships endured, that he is only existing on charity. Another one is in his bed in a public hospital in Washington, probably never to leave it alive. While the third came out stone blind and all this in a land where the newspapers are filling their columns with outrages in Armenia, Siberia, and Cuba, but fail to see such as this under their very noses.

MONEY

“The redemption of money in *commodities* and *services* through the clearing houses of the industry of the world, from which every one withdraws precisely the things he desires in exchange for the money he holds, is the beau ideal money, under the present system of the infinite division of labor.”—*Moran on Money*, 111.

“When a laborer has received his wages in money he has not received an *equivalent* for his services, but only something which will enable him to get what he chooses. The money, therefore, that he possesses is not the equivalent, but it is the symbol, the proof, that he has rendered services or property, *for which he has not received an equivalent.*”—*Macleod on Banking*, 1:24.

Banking and Currency Hearings

Before the
Committee on Banking and Currency, United States
Senate

SIXTY-THIRD CONGRESS

FIRST SESSION

ON

S. 2639

A BILL TO PROVIDE FOR THE ESTABLISHMENT OF FEDERAL
RESERVE BANKS, FOR FURNISHING AN ELASTIC CUR-
RENCY, AFFORDING MEANS OF REDISCOUNTING COM-
MERCIAL PAPER, AND TO ESTABLISH A MORE
EFFECTIVE SUPERVISION OF BANKING
IN THE UNITED STATES, AND FOR
OTHER PURPOSES

Part 37

[Printed for the use of the Committee on Banking and Currency]

WASHINGTON

GOVERNMENT PRINTING OFFICE

1913

COMMITTEE ON BANKING AND CURRENCY.

UNITED STATES SENATE.

ROBERT L. OWEN, Oklahoma, *Chairman*.

GILBERT M. HITCHCOCK, Nebraska. KNUTE NELSON, Minnesota.

JAMES A. O'GORMAN, New York. JOSEPH L. BRISTOW, Kansas.

JAMES A. REED, Missouri. COE I. CRAWFORD, South Dakota.

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JOHN F. SHAFROTH, Colorado. JOHN W. WEEKS, Massachusetts.

HENRY F. HOLLIS, New Hampshire.

JAMES W. BELLER, *Clerk*.

Oct. 23rd, 1913.

STATEMENT OF JACOB S. COXEY, OF MASSILLON, O.

Senator O'Gorman. Mr. Coxey, will you state your name, your residence, and your business activity?

Mr. Coxey. My name is Jacob S. Coxey.

Senator O'Gorman. And what is your residence, Mr. Coxey?

Mr. Coxe. Massillon, Ohio.

Senator O'Gorman. And your business activity?

Mr. Coxe. I am in the stone-quarry business.

Senator O'Gorman. Have you read the pending bill?

Mr. Coxe. I have, sir.

Senator O'Gorman. Kindly state to the committee your views in regard to it.

Mr. Coxe. As I view this bill, I take it, you are trying to arrange a currency system that will transact the commerce of this country. But I think you should take into consideration the burden under the present system and under the proposed system that will be placed upon the producers of this country in obtaining the funds to exchange their products.

There are three Government functions, and this, the means of exchange, is the greatest of the three, that are necessary for the exchange of the commerce of the country. The first one is the means of communication. This one the Government has retained; that is, the postal system, and is operating that system at cost to the people. They engrave and print the postage stamps and furnish them at cost to the people. John D. Rockefeller, with all his corporations, if he needs 10,000 postage stamps for the use of those corporations has no advantage over the man who is tearing that brick building down over across the street when he needs only 1 postage stamp.

That the postal is a Government function, and that is being furnished at cost to the people, and when I say the stamps are being furnished at cost to the people the stamp simply represents the cost of the transmission of the mail that it is put upon. After it has done that it is cancelled and has performed its functions.

Now, when we come to the second one, the means of exchange, you have granted franchises to private corporations. You have been creating, and do propose to create, under this bill the money at cost to these corporations, and then when even you, the creator, the Federal Government, needed or will need any of this money, as, for instance, you needed it in the building of the Panama Canal, you issued several hundred millions of dollars of interest-bearing bonds that were nontaxable, sold them to the banks, and the Government borrowed from the banks its own money and is now paying interest for the use of its own money. This system seems to me to be absurd.

When we come to the producers of the country, let us examine their burden. Last year President Taft called the governors of the various States together and he stated to the governors the necessity of establishing State banking institutions in order to lessen the burden that was placed upon the American farmer. He said to the governors that there were 12,000,000 American farmers, and that they were producing annually \$9,000,000,000 of products upon a borrowed capital of \$6,040,000,000, for which they were paying in interest and commissions in order to obtain that money 8½ per cent. This makes a total burden of \$513,000,000 annually, taken from the statement of Mr. Taft, which burden is placed upon the tiller of the soil, who produces the products we are consuming in this country.

Senator Weeks. Do you think those figures as you have given them to us are accurate as to the rate of interest?

Mr. Coxe. Yes, sir; the average rate of interest is 8½ per cent.

Senator Weeks. I have heard those figures, and I do not know a single State, even in the South, where that rate was charged.

Mr. Coxe. There are Senators here from Western States where rates as high as that are charged, and I think they will bear me out in that statement.

Senator Reed. The average rate in my State of Missouri is about 5½ per cent.

Senator Bristow. It runs from 6 to 7 per cent, in my State of Kansas.

Senator Shafroth. In mining sections of my State of Colorado it runs as high as 1 per cent. a month.

Mr. Coxe. In the State of Ohio it is from 6 to 8 per cent; 8 per cent. is the average.

Senator O'Gorman. What changes would you propose in the pending bill?

Mr. Coxe. I want to show you first where the burden lies under the present system and will not be lightened under the pending bill. President Taft called attention to the burden upon the tiller of the soil of \$513,000,000 annually. I see from the bank statements that the other producers outside of the farmers are paying for the use of that money and bankers' credit which the Government is creating at cost to the banking institutions, besides legalizing 85 per cent. of the banks'

credit, which they, the bankers, are levying a toll upon to exchange the products, because the bank credits are exchanging the products from the producer to the consumer, exactly the same as the real money. I find from the bank statements that there are about \$17,000,000,000 of deposits and \$13,500,000,000 of loans out of those deposits, and one billion and a half of real money in the banks as a foundation for those loans. That is nine of bankers' legalized credit to one of real money. Now, an average of 6 per cent. upon that \$13,500,000,000 is nearly \$800,000,000 annually for the use of those banks' credits and money to exchange the products from the producer to the consumer.

Now, the banks, in order to inflate their credits higher do as one bank president from Columbus, Ohio, told me last spring, that he wanted to use his bank reserves and he went to New York—he told me this in New York at the Waldorf-Astoria Hotel—he said, "Our daily balance of legal reserves in New York amounts to about \$100,000," and he went to four different banking institutions and tried to get it through their noddle—that is the expression he used—that they would make more money by carrying out his plan, and his bank would make more money if they would make a loan to his bank of \$100,000, upon which they would pay 4 per cent., and the New York bank agreeing to make the loan, but the proceeds of that loan should be held there with the New York bank as their, the Columbus bank's, legal reserve, and then that the New York bank should pay them 2 per cent. upon their daily balance. That would be making a profit to the New York bank of 2 per cent. and make it cost the Columbus bank 2 per cent., and it would allow the New York bank to loan out 75 per cent. of that loan to their customers there at the market rates and then redeposit 9 per cent. of the reserves of the 25 per cent. in the reserve bank, they to receive 2 per cent. on this reserve. That allowed the Columbus bank to withdraw the \$100,000 of their cash reserves from New York, which the Columbus bank did loan at Columbus at 6 per cent. The Columbus banker got that through, and that is the way he is doing today, utilizing his reserves and extending his bank credits in that manner.

Now, the question comes as to the remedy I will suggest here. You must arrange under this bill to not only furnish the money necessary for the exchange of

the products and the commerce of this country, but to furnish the money for all public improvements and for the building and equipping of our railroads. It will take over a billion of dollars annually for the equipment of our railroads.

Under the present system those railroads must issue bonds bearing interest and sell those bonds to the banks in order to borrow this money. Under the present system we must do the same so far as public improvements are concerned. Take, for instance, the public highways. At a road convention last fall, at Atlantic City, I spoke upon that question, and I said the most important thing is the financing of the highways; and that Atlantic City road congress was inclined to ask the Government for Federal aid. I said it is not Federal aid we need, but it is a Federal duty. When this Government imposes a tax of 10 per cent. on State issues of currency, it prohibits its different subdivisions—the States, cities, counties, and townships—from issuing a currency in order to relieve any stringency and to make any public improvements. When they do that, then it is the duty of the Federal Government to furnish this money at cost for all public improvements by allowing the States to issue their non-interest-bearing bonds to run for 25 years, and then deposit these bonds with the Secretary of the Treasury, when it shall be mandatory upon the Secretary of the Treasury to issue the face value of the bonds in full legal-tender money.

Senator Nelson. Notes of the Government?

Mr. Coxe. Real money. I contend that the only real money is the fiat of the Government. Money is simply an idea of Congress enacted into law. It is a representative of value, and should never have a value of or in itself. And as it passes from the Government under this system, if these bonds were deposited with the Government and the face value of them would be issued in full legal-tender money, the cost of the engraving and distributing of this money would be charged against this issue, and that would not exceed over 1 per cent. Ninety-nine per cent. would be forwarded to its subdivisions, which they would have to use for the purpose of making public improvements.

Now, under this plan you have the State, county, township, or municipal noninterest bonds deposited as security for this issue of legal-tender money. Then they

start the people to work to make improvements, and as the service is rendered or the material is furnished this money is turned out, and it then represents that service or that material and that value created.

As to the redemption or repayment of this money, levy a tax as you do now, and instead of paying 4 per cent. interest return 4 per cent. annually to the Government, and as it is returned and retired annually it can be canceled. It has performed its function, and in 25 years you will have paid off the noninterest-bearing debt of all the subdivisions of this General Government and there is no bonded debt left at all, as the money has been furnished at cost, the same as postage stamps are now.

Senator Reed. Suppose the people do not take that money?

Mr. Coxe. They would be very glad to take it when it is made legal tender for debt. There should be no money issued that would not be a full legal tender for all debts.

Senator O'Gorman. You may proceed, Mr. Coxe. You were speaking of the city of New York, and I was somewhat interested in that.

Mr. Coxe. The city of New York has a bonded indebtedness of about 1,100 millions of dollars. They are not paying off the principal; they are simply levying a tax rate in order to pay the interest, and they are pyramiding the principal.

There was an issue within the last year in regard to the building of the subway. They needed \$200,000,000 to do that. They should have passed this law, and if this law were put into effect the city of New York could have issued its noninterest-bearing bonds for \$200,000,000, running for 25 years, and could have forwarded those bonds to Washington and have had the face value of those bonds issued in full legal-tender money, deducting 1 per cent to pay for the engraving and printing and distributing by the Government. They would have had \$198,000,000 to pay for all these subways, and then out of the revenues of the subways they could return to the Government annually \$8,000,000, and in 25 years the entire bonded indebtedness would be paid off. Now, then, they propose issuing, and are now issuing, \$200,000,000 of 5 per cent. bonds, which they will sell or have sold to the banking syndicate, and they will pay interest for 50 years and still owe the principal.

I claim that this is a correct principle, Mr. Chairman. It is the duty of the Government, I contend, this being a Government function, that all money necessary for all public improvements and utilities should be furnished at cost to the people, the same as the postage stamps are now.

Now, I have illustrated to you the plan of public improvements. When it comes to the plan of furnishing the money at cost to the producers to exchange their products there should be a Government bank established in every municipality of over 1,000 population. In towns under 1,000 and over 500 population this money should be handled through the postoffice. These banking institutions—take, for instance, in the town where I live. We have five banking institutions. The economical way of handling that would be to have one Government bank, with a sufficient volume of money on hand there for the needs of the community. It should be the same in every municipality of over 1,000 population. That money should be furnished to the people at a tax of 2 per cent. It will cost one-half of 1 per cent. to pay for the operating expenses of the bank, the furnishing of the money, insuring the property pledged, and all necessary expenses. That deducted from the 2 per cent. will leave a net revenue to the Government of $1\frac{1}{2}$ per cent. That means for the total amount of money loaned by the Government a total revenue to the Government, after deducting expenses of operation, of \$15,000,000 upon every billion dollars of loans.

You can see from the statement of President Taft and from the bank statements that there are about \$20,000,000,000 now being loaned by the banking institutions to the people in the shape of \$9 of bank credits to \$1 of real money for the exchange of our commerce. If we take and gradually substitute this \$20,000,000,000 of legal-tender money that should be full legal tender for all debts and substitute it in place of the same amount of bank credits being used now this would establish a banking system which would give a revenue of \$300,000,000 annually from this source, besides saving to the producers \$1,200,000,000 annually in interest charges.

Senator Shafroth. What security would you have for the obtaining of money under those circumstances?

Mr. Coxey. The same that the banks now take. I will illustrate with my own business. I quarry stone and

grind it into sand. I supply some of the principal steel works of the country, and have been supplying the steel works of the country for 32 years. When I ship out a carload of sand today we get the railroad weight tomorrow, and we make an invoice against the party to whom we have shipped the sand. We attach a draft and bill of lading to the invoice, take it into the bank, and the banker takes his rake-off of 8 per cent. and credits me with the balance. I make that draft due and payable on the 20th of the month following the month of shipment. If it is shipped today, that account will be due on the 20th of next month, and I make that draft for that number of days and they discount it and place the balance, after deducting the discount, to my credit.

When they remit for this—they may remit direct to the bank or they may remit to me, but in every case that remittance is taken in and the draft taken out. If it is not paid on the day that it is due, it runs on and the interest is charged to me. That is one system.

Under that system the banks are furnishing the means to exchange the products; they are furnishing in this case the working capital—the money with which to do business—because we have first the money for the investment in the enterprise which is necessary. In a case of this kind the bank furnishes the working capital, but they get their interest in Ohio of 8 per cent. for doing it. That is one means.

Another means would be for the people to bring in their tax duplicate or tax receipt and loan direct to all people upon their taxable real and chattel property.

This Government fixes a value upon your property and levies a tax upon that property, and compels you to pay it, and therefore the Government ought to be compelled to furnish you the money at cost upon it in case you needed it for the exchange of your commerce.

Take, for instance, the farmer in the West. There comes a time when he wants to turn his corn into beef or turn his corn into pork, and he can go into the bank and put up his tax receipts to the bank and borrow enough money to purchase the cattle or the hogs to turn that corn into beef or into pork, and then as he ships it out he can cancel his obligation to the bank.

Senator Nelson. Mr. Chairman, I would like to suggest that we are running pretty late. It is now 10 minutes of 6.

Senator O'Gorman. How much longer will you be likely to take?

Mr. Coxe. If there are no questions from the committee, there is nothing further that I desire to say.

Senator Nelson. Now, what have you to say about this bill?

Mr. Coxe. I think it should be made to take into consideration and lessen the burdens of the borrower. You do not propose to readjust the interest rate in this bill at all. Here is an interest rate of at least $6\frac{1}{2}$ per cent all over the country.

Senator Nelson. Do you approve this bill?

Mr. Coxe. No, sir.

Senator Nelson. What are its radical defects?

Mr. Coxe. In the first place, I do not believe that any money should be issued unless it is made a full legal tender for all debts, and issued direct by the Federal Government.

Senator Nelson. What next?

Mr. Coxe. And that it should be taken out of the control of the bankers, who control the commerce of this country.

There is a little item that I have in my vest pocket here that I cut out of the New York Times last Sunday, which shows that there is very little car buying. Now, the average man reading that probably would not see much in it. It shows what the railroads purchased last year in cars. They purchased last year 235,000 cars. This year they have purchased for the first nine months only 88,000, a falling off of over 60 per cent.

Senator O'Gorman. Why is that?

Mr. Coxe. I have an idea what it is. I can give you my own reason for it.

Senator O'Gorman. Of course that is all we want.

Mr. Coxe. The gamblers in New York had gotten last year's stocks up to a high point, and then they commenced to unload, and they have sold and sold and sold them out at the high prices. Now, then, they are commencing to break the market, and my contention is that the people that control the money volume also control the transportation of this land and control its commerce in the palm of their hand. They can make times good or they can make times bad, because they have the interlocking system of directors in all the railroads and banking institutions, so that they can order the railroads to buy

cars and other equipment, and this makes times good, or they can order those railroads to stop buying, and when they stop buying it simply stagnates the great manufacturing plants of the country. They cut off the orders from the steel plants, and that throws hundreds of thousands of people out of employment. My business in the last four months has been cut in two. It is only 50 per cent of what it was last year at the same time, and simply from this fact. Now, the railroads of the country need the cars, but the railroad directors and the money interests have ordered the railroads to stop placing further contracts for material, and in doing that it is bringing on a stagnation of business all over the country, and there will be hundreds of thousands of people out of work just through that fact. Now, that should not be allowed to go on, and therefore, while it is not germane to this bill, yet I am of the opinion that we should own, operate, and control the railroads.

Senator O'Gorman. The same as we ought to own and control the banks?

Mr. Coxey. Yes, sir.

Senator Nelson. You think the Government should control all banks?

Mr. Coxey. Yes.

Senator Nelson. You think all banks should be controlled and run by the Government?

Mr. Coxey. Yes.

Senator Nelson. Wouldn't that make a pretty big army of officeholders?

Mr. Coxey. I am not afraid of an army of officeholders. We have a pretty large army now. They have never scared me any.

Senator Nelson. Now, what other defects are there in the bill here?

Mr. Coxey. The main defects are simply these: That you are not going to reduce the interest rate. That is the principal thing. It is the burden that is placed upon the producer's back that should be lightened, and this will not lighten it.

Senator Nelson. Would you have these notes redeemable in gold?

Mr. Coxey. No, sir.

Senator Nelson. What would you have them redeemable in?

Mr. Coxe. I would have them redeemable in the products of labor and through taxation.

Senator Nelson. What would be the basis of issue for these notes?

Mr. Coxe. The basis of issue of these notes should be legal-tender money issued, based upon State, county, township, and municipal bonds, and for the commerce of the country the notes would be issued upon the collateral that the people would put up.

Senator McLean. What would the total reach?

Mr. Coxe. Whatever the necessities of the people would be.

Senator McLean. You say there are about \$20,000,000 of obligations out now.

Mr. Coxe. And my idea is that instead of having the bankers do this for us and charging an exorbitant toll we should utilize our own credit and get it at cost.

Senator Nelson. Your scheme is very interesting, and I would suggest that you prepare a skeleton bill giving us an idea of the legislation that you think ought to be enacted and leave it with the committee. I understand that you believe the Government should take over all the banks?

Mr. Coxe. No; I believe that the Government should establish banks itself.

Senator Nelson. You believe that the Government should establish its own banks?

Mr. Coxe. Yes. The first thing the Government should do would be to build a bank in every town, the same as the post office, and they should issue to pay for them legal-tender money. I told President Roosevelt—

Senator Nelson (interposing). You would not have that money redeemable at all?

Mr. Coxe. Only through taxation, as it comes in through the revenues of the Government.

Senator Nelson. You would not issue Government bonds then?

Mr. Coxe. No; no bonds at all. There never should have been a single interest-bearing bond issued by the Government.

Senator Nelson. Well, now, your scheme is very interesting, and I wish you would prepare a skeleton bill and file it with the committee. That is what other gentlemen have done who have come here with plans of their own, and we can judge of it better when you put it into concrete form. You are a man of a good deal of business

experience and I can see that you look at it from the standpoint of the borrower.

Mr. Coxe. Yes; I belong to that side. I have been paying 8 per cent interest for the last 35 years.

Senator Nelson. Then you are the class of man that we want to hear from, rather than the bankers.

Mr. Coxe. Senator, that is the position that I took when I tried to get a hearing here.

Senator Norris, of Nebraska, requests that I state how goods purchased in foreign countries would be paid for in case the Government issue full legal-tender money under my proposed plan.

Just the same as goods are paid for under the present system, viz., if goods are bought abroad and shipped to this country, usually they have drafts attached to invoice and bill of lading, which is sent through some bank to the purchaser, who then pays the draft either by his check or cash. This releases the bill of lading and he obtains the goods. The bank then remits to the foreign banker that which he, the foreign banker, desires. It may be foreign exchange or it may be gold or silver bullion or other American products or securities. Money between countries has no particular significance. It can only go to the United States line. If the banker desires gold or any other product, it must be purchased at the market price, just the same as if you want a draft to pay £100 in London.

That which most concerns us is to arrange a system to exchange our own products at cost and we will have to settle foreign trade balances as we have been doing for the last 50 years, with commodities such as gold, silver, steel, cotton, and other American products and securities.

Senator Nelson. I think, Mr. Chairman, if he will file with us a skeleton form of his bill we can then go over it.

Senator Shafroth. And put in any suggestions that you want to make.

Senator O'Gorman. Without objection, that will be done. We will now adjourn until 10:30 tomorrow morning.

(The witness furnished the following for insertion in the record in response to the above request:)

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: A request was made of me by Mr.

Nelson and the chairman that I incorporate my ideas in a skeleton bill, which you will find attached. The first one is to furnish a money medium to all of the people at cost through a system of Federal banks established in all municipalities, towns, and villages over 1,000 population and through post offices under 1,000 and over 500 population; these loans to be made upon their real and chattel property, evidenced by the tax receipt and duplicates in the various localities to the amount of the assessed value thereon; also on cattle, hogs, sheep, horses, all farm products, and lumber, ore, minerals, coal, stone, sand, and all raw materials of every nature and description, as well as all manufactured products and plants, the charge or tax for these loans to be at the rate of 2 per cent per annum, payable semi-annually. In case of long time, 25-year loans, which should be made so as to enable the farms to be occupied and tilled and the workers in our cities to obtain homes and an opportunity given the farmers and workers to live decently and pay for their farms and homes, and allow the enterprising citizens of the United States an opportunity to develop the resources of this country, therefore the rate of return of the principal of such loans should be no less than 4 per cent per annum, the principal, in whole or in part, to be payable on or before 25 years. Such reasonable safeguards should be taken by the Government officials granting such loans as to insure the return of the principal of such loans as well as the tax of 2 per cent upon the same. The amount to be loaned upon the raw and unfinished material should be determined by the amount of the actual cost in labor and material expended upon the same, and upon the finished products, if in transit, the invoice value thereof. In case of wheat, cotton, corn, and other farm products and all finished and raw products in warehouses loans should be made to the face market value thereof.

The second one is to provide for public improvements and employment of the citizens of the United States, to encourage industry and produce prosperity, and to procure money to purchase and

pay for public utilities, and for the redemption of such money.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever any State, Territory, county, township, municipality, or incorporated town or village deeming it necessary to make any public improvements, buy or build any public utilities or provide for any public needs, and give employment to unemployed citizens of the United States, they shall deposit with the Secretary of the Treasury of the United States a non-interest-bearing 25-year bond not to exceed one-half of the assessed valuation of the taxable real estate, exclusive of all improvements thereon, less all outstanding and existing indebtedness in said State, Territory, county, township, municipality, or incorporated town or village, and said bond or bonds to be retired at the rate of 4 per cent per annum.

Sec. 2. That whenever the foregoing section of this act shall have been complied with it shall be mandatory upon the Secretary of the Treasury of the United States to have engraved and printed Treasury notes in the denominations of \$1, \$2, \$5, \$10, and \$50 each, which shall be a full legal tender for all debts, public and private, to the full value of said bond, and deliver to said State, Territory, county, township, municipality, or incorporated town or village 99 per cent of said notes and retain 1 per cent for the expense of engraving, printing, bookkeeping, disbursing, and taking care of this department.

Sec. 3. That on and after the passage of this act every State, Territory, county, township, municipality, or incorporated town or village may deposit their non-interest-bearing bonds in compliance with this act in order to give employment to any idle man or woman applying for work, and the rate shall be not less than \$1.50 per day for common labor, and not less than \$3.50 per day for team and labor, and that eight hours per day shall constitute a day's labor under the provisions of this act, the same rate to be paid to both men and women.

Sec. 4. That any State, Territory, county,

township, municipality, incorporated town or village issuing non-interest-bearing bonds under the provisions of this act shall levy and collect an annual tax on all taxable real estate, exclusive of all improvements thereon, of the State, Territory, county, township, municipality, incorporated town or village depositing non-interest-bearing bonds sufficient to pay into the United States Treasury each year not less than 4 per cent of the total amount received from the United States Treasury until the whole amount shall have been paid, and that whenever these Treasury notes are returned to the Secretary of the Treasury at the annual payments of 4 per cent they shall be retired, cancelled, destroyed, and not again reissued. In case either gold, silver, or any other lawful money shall or may be sent in lieu of the Treasury notes issued on any non-interest-bearing bond deposited under the provisions of this act the Secretary of the Treasury shall hold or retain such lawful money aforementioned until the Treasury notes issued on non-interest-bearing bonds deposited by State, Territory, county, township, municipality, or incorporated town or village shall come in or be presented through the regular channels of business with the Secretary of the Treasury when he shall release the lawful money so held and retire, cancel, and destroy as hereinbefore mentioned.

Sec. 5. That this act shall be in full force and effect from and after its passage and all acts and parts of acts in conflict herewith be and they are hereby repealed.

(Whereupon, at 5:55 P. M., the committee adjourned to meet at 10:30 o'clock A. M. Friday, October 24, 1913.)

GOOD MARKET ROADS AT COST

**State Plans for Good Roads by General Jacob S. Coxey
Questions are Answered**

Subject That Interests Every Citizen of Ohio Discussed From Both Sides of the Question—I. and R. Invoked For the Cause of Good Roads and Petitions Being Circulated.

General Jacob S. Coxey, the dean of good roads agita-

tion since his memorable march to Washington in 1894, is again in the field with a state plan for road improvement, for which his friends are now circulating petitions all over the state for signatures under the I. and R. for an amendment to the state constitution. The general says,

The people, having turned down the \$50,000,000 amendment last September, leaves the field open for the next best plan, and in this, one of General Coxe's, he makes the bold claim that the day for the old system of interest bearing bonds for public works has gone by never to return, and in its place he submits the next best, in his judgment.

Will Not Vote for Old Style Bonds Any More

First.—The Socialists and the farmers voted against the 4½ per cent interest clause, claiming they would pay in interest fifty millions, making a total of one hundred millions paid in taxes for fifty millions of roads.

Answer: This amendment proposed above overcomes this objection by making the bonds in denominations of \$1, \$2, \$5, \$10, \$20, \$50 and \$100 each, interest one-half of 1 per cent. per annum, to be paid direct to labor for value created and without the aid of banks; non-taxable; receivable for all taxes and bills incurred and payable within the state; to be held as legal reserves in state banks in Ohio instead of 4½ per cent. interest bonds. The burden of the payment of both the principal and the interest on these bonds is no greater than a 4½ per cent. interest per annum bond is now, but at the end of twenty-five years under the present system you still owe the \$100,000,000.

The People Struck at Graft

Second Question.—Judging from the amount of graft recently exposed, they voted against it, believing only the half of it would go into roads, the other half into the grafters' pockets, thus getting only twenty-five millions' worth of roads for an outlay of \$100,000,000.

Second Answer: This overcomes the graft by allowing the legislature of Ohio to enact a law for the state to construct bridge, structural, sewer pipe, brick, stone, gravel, sand and cement plants, employ its convict labor to produce sewer pipe, brick, stone, gravel, sand and cement at cost, for state, intercounty, township and village market roads, and for all the state, counties, townships, municipalities, towns and villages, for their public buildings, sewer systems, paving streets and other public improvements, employing and paying its convicts the same rate of wages that is paid for similar labor, deducting for

the maintenance of the convict, the balance to go to his family, to be held in trust by the state and turned over to him at the expiration of his term, giving him another chance with something to start with; also doing away with graft and contract labor. This system will bring the state into competition with the bridge, structural, sewer pipe, brick, stone, gravel, sand and cement companies if they are asking too high a price for their products.

Not Confined to Intercounty Roads

Third Question.—Many felt that the fifty million of bonds being for an intercounty system of roads, the township and village roads would not be benefited thereby and that it was simply for the benefit of those living in the city, owning automobiles, wanting to get from the cities to the various county seats.

Third Answer: This amendment overcomes such objection, because it contemplates, after constructing all of the 8,000 miles of the intercounty market roads, that we will then construct 17,000 miles of township and village market roads, so that the farmers will be able to get their products to market at all seasons of the year, thereby reducing the cost of transporting them and maintaining a more uniform price of the same the year around. January, February, March and April of each year there are plenty of eggs, hay, corn and products on the farm but the roads are not market roads during that season, therefore products cannot be marketed.

It will keep the young men and women on the farm, because the farm will be accessible the year around. It will have the effect of taking them out of the cities now overcrowded with labor and putting them on the farms and making more farmers, thereby lessening the competition in manufacturing labor lines and producing more farm products. As it is now, you can't keep the young men and women on the farm for the reason that from Christmas until April, or about three months in the year, the roads are impassable.

Tax Equitably Distributed

Fourth Question.—Some who lived in the counties where the roads have been improved thought that they did not want to vote money to pay for the county roads that were not improved, not realizing that we have only 8,000 miles of roads in the state of Ohio that are improved, leaving 81,000 miles unimproved. Besides, the old improved roads are wearing away rapidly and must be constructed with different materials than formerly to make good market roads on account of the new vehicle of commerce, the automobile, being more destructive than the wagon and iron tire vehicle.

Fourth Answer: This amendment overcomes this ob-

jection by making a tax of 73-100 of a mill upon all of the assessed valuation of the property of Ohio, which will be a tax levy of 73 cents on each thousand dollars of valuation, will supply one hundred millions of available capital to pave 4,000 miles of road eighteen feet wide yearly for seven years and pay the principal and one-half of 1 per cent. interest in twenty-five years. The tax levy on a farm assessed at \$10,000 would be \$7.30 per annum for twenty-five years, at which time the hundred millions of bonds with interest will have been paid. This divides the burden of payment of principal and interest on these bonds as follows:

Upon the passage of a law by the legislature to carry out the provisions of this amendment there will be levied and collected in taxes, the rate being 73-100 of a mill on \$6,202,132,080, the assessed valuation and tax duplicate of the state of Ohio, as follows:

Real estate in cities and villages.....	\$2,544,547,115	41.0%
Farm lands	1,676,590,965	27.1
Public utilities	912,862,833	14.7
Banks	174,693,439	2.8
Personal Property	891,437,728	14.4
State tax duplicate.....	6,202,132,080	100.0
Average annual tax necessary to be paid by persons owning property assessed at \$1,000.....		\$0.73

Thereby raising \$4,000,000 each year to be paid in redemption of 4 per cent. of said bonds and \$500,000 in interest in payment of one-half of 1 per cent. per annum. Labor gets the benefit of this interest in contrast to present issues of bonds, as said bonds will be paid to contractor, said contractor paying them direct to labor and for material furnished, as said bonds are receivable in payment of taxes and contracts incurred and payable within the state, and will have constructed at end of seventh year 25,844 miles of macadam or brick roads and 800 miles each year thereafter, estimating the cost at \$5,000 per mile.

Non-Taxpayers

Fifth Question and Answer.—Many city nontaxpayers felt they had no right to vote bonds upon taxpayers, and the question of roads did not concern them because they did not use them, forgetting they pay their share of the burden of taxes indirectly through rents and the products they consume.

Highway Commission Supervision

The Ohio state highway commissioner claims that in the roads he has contracted out he has found it difficult to get the contractors to even read the "specifications" and he "must keep an engineer or superintendent on the job all

the time or else it will be slighted." This being the case, there should be a state highway commission of three organized with an engineering corps, under their supervision, similar to those the great railroad systems maintain, called maintenance of way. This commission should have full charge of all bridge, structural, sewer pipe, brick, stone, gravel, sand and cement materials for state, township and village market roads, and the state, counties, inter-county, townships, municipalities, towns and villages; their public buildings, paving streets, sewer systems and other public improvements; also have charge of all the market roadways of the state, intercounty, townships and villages, organized into divisions and sections with the section gang similar to railroad section gangs, to maintain the roads of the state, intercounty, townships and villages.

Bonus in Lieu of Graft

Under this plan the highway commission may, at its will, do the work itself or else own the equipment to build, as an illustration, say, ten miles of eighteen feet wide market roads in a season, and simply contract to one contractor, giving him the use of the equipment free, also furnishing all the material and labor for ten miles at, say, 10 per cent. commission on actual cost of material and labor, furnished and paid for, in the construction of the said ten miles. This 10 per cent. is for the supervision of same by the contractor. In addition to the 10 per cent commission there should be a bonus of 25 per cent paid to said supervisor or contractor upon the saving of maintenance of the said ten miles of road constructed by him for the first ten years after completion, said saving to be based upon the cost of the maintenance of similar roads that have been constructed under the present graft system for the same length of time after their completion. This bonus is in place of graft—a premium upon honesty, skilled workmanship and to construct as perfect a market road as can be built. There will be no incentive to slight the roads with inferior material and workmanship. The contractor or supervisor will have no money invested in equipment, material or payrolls, so that his entire energy and thought can be centered in constructing the best market roads that can be built. The commission under this plan can have 400 contractors or supervisors at work in the various counties of the state at the same time and can construct 4,000 miles of good market roads annually.

No Excuse for Inferior Materials

Under the state system we can have no excuse for using an inferior brick for surfacing the road, as the manufacturing, inspection and disposal of the brick and all materials will be under the supervision of the highway commission, and they alone will be responsible. The brick culls can be broken up and used in the place of stone in the concrete foundations, thus utilizing the inferior products.

Many People Inquire

“Why make the bonds bearing interest at all? Why not make them without interest and save the one-half of 1 per cent. per annum?”

For the reason that there is a federal statute placing a tax of 10 per cent. upon state issues of currency. By making these bonds bear one-half of 1 per cent. interest per annum it makes them interest bearing bonds and gets around the federal statute of a tax of 10 per cent. on state issues of currency.

Federal Duty Not National Aid

The following is the proposed federal plan:

We can work under the state plan until such time as we may be able to get a federal statute passed to adopt the non-interest bond bill, which provides for the states, counties, townships, municipalities, towns and villages to deposit their twenty-five-year non-interest bond with the secretary of the treasury of the United States; that it shall be mandatory upon him to issue the face value of the bonds in full legal tender money, deducting 1 per cent. to pay for engraving, printing and distributing, the balance to be delivered to the state, county, township, municipality, town or village that deposits its bonds in accordance therewith, each being required to levy a tax to return the principal at the rate of 4 per cent. per annum, when such currency shall be retired and canceled but without interest. This is the original plan of federal duty (not aid) that Coxey's army marched to Washington in 1894 petitioning congress to pass. It is proposed in this amendment under the state plan for \$100,000,000 bonds bearing one-half of 1 per cent. interest per annum, the least possible rate, to save \$4,000,000 in interest per annum to start with.

Additional Economics

In addition, by doing the work under the highway commission there will be a saving of 10 per cent. over the

old method of letting to contractors and by condemnation proceedings and acquiring or constructing up to date manufacturing plants so as to supply bridge, structural sewer pipe, brick, stone, gravel, sand and cement materials at cost, thus saving at least 66 2-3 per cent. on materials furnished; also there will be no sales commission, as the materials will be manufactured by the state for it and its subdivisions' own use without profit and not for private use.

I am satisfied that under the plan I suggest of the state, through its commission, constructing brick and other plants, after acquiring shale, coal and mineral lands, producing brick and other materials at cost, hiring the labor direct, that it can construct a vitrified brick pavement with a concrete foundation, eighteen feet wide, at a cost of 5,000 per mile instead of \$15,000 per mile, under the present system.

In Contrast with Present System

Under the present plan of stock companies the 60% of earnings over cost goes to pay interest on bonded indebtedness, dividends upon watered as well as upon physical stock and sales commission, where the graft creeps in.

Under the state plan there is only one-half of 1 per cent. interest on investment, no dividends, insurance nor graft. The brick, manufactured by the state, will cost \$2,112.20 per mile against \$6,336.60 per mile for an eighteen foot roadway. It will require fifty-six brick plants, costing \$250,000 each, total, \$14,000,000, employing 132 men each; total, 7,392 men, working 300 days per year, to produce 1,689,600,000 brick to build 4,000 miles of eighteen foot road per year, for the next twenty years, to complete the good market road system of Ohio.

This would cost the state by producing the brick under this plan \$171,088,200 against \$513,264,600 under the present contract plan, a saving of \$342,176,400 on brick alone on 81,000 miles of road.

Last, but not least, by increasing the bond limit to \$200,000,000 at the end of the sixth year and to \$300,000,000 at the end of the twelfth year the taxpayers would be saving the 4 per cent. interest per annum upon the total expenditures for the 81,000 miles of road, the bonds averaging twenty-five years to run, which would amount to a saving in interest alone of \$371,420,000 by the time the bonds are matured and paid. The total saving to the taxpayers of Ohio alone in improving the 81,000 miles of unimproved roads will amount to \$781,420,-

000, the roads costing under this system, including interest at one-half of 1 per cent. per annum, \$433,580,000, besides furnish brick at \$5 per thousand instead of \$15. Bridge and structural materials, sewer pipe, gravel, stone, sand and cement to the state, counties, townships, municipalities, towns and villages at cost. Whereas if we continue under the present system of paying 4 1-2 per cent. interest on bonds for twenty-five years and letting out our roads to contractors in the end they will cost the taxpayers \$1,215,000,000 in principal and \$371,420,000 in interest.

600 IDLE CONVICTS

Governor Cox is authority that Ohio has 660 state convicts and nothing to employ them. Now figure a little, Mr. Taxpayer, two men working three hundred days in a year can produce enough brick to pave one mile of road, 18 feet wide, therefore, these six hundred idle convicts if permitted to work in state owned plants producing brick could furnish the material for paving 300 miles of highway each year.

Under humane administration, these men would be paid by the state the same wages it would pay other labor, then, after deducting the cost of maintaining, feeding, clothing and housing, the balance be turned over to the families of these prisoners, or held in trust by the state to be paid at expiration of their term, and thus be equipped to start life anew and become useful citizens, with a wholesome love and respect for a government which had thus made provision for their families and themselves.

At present, it is "unconstitutional" for the Governor and the legislature to furnish employment to these men in any such manner. If it looks humane to you, and in your interest as a tax-payer to have the roads thus improved, suppose you get one of the Coxeys busy in your neighborhood to make it "constitutional."

Coxey Good Market Roads At Cost

Initiative Petition

Amendment to the Constitution proposed by Initiative Petition to be submitted directly to the Electors of the State of Ohio amending Section 1 of Article 8.

BE IT RESOLVED BY THE PEOPLE OF THE STATE OF OHIO, That Section 1 of Article 8 be amended as follows:

(*Present Constitution.*) Section 1. The State may contract debts to supply casual deficits or failures in revenues, or to meet expenses not otherwise provided for; but the aggregate amount of such debts, direct and contingent, whether contracted by virtue of one or more acts of the General Assembly, or at different periods of time, shall never exceed seven hundred and fifty thousand dollars; and the money arising from the creation of such debts, shall be applied to the purpose for which it was obtained, or to repay the debts so contracted, and to no other purpose whatever; (*Proposed Amendment to Section 1 of Article 8*) provided, however, that laws may be passed to contract debts and authorize issues of bonds to an amount which in the aggregate of all issues outstanding at any one time *shall not exceed One Hundred Million Dollars*, in denominations of \$1, \$2, \$5, \$10, \$20, \$50 and \$100 each, bearing interest not to exceed one-half of one per cent. per annum, for the purpose of constructing, rebuilding, improving and repairing a system of State, Inter-County, Township and Village wagon roads and bridges throughout the State of Ohio, and, if required, to prepare and supply material for said purposes, or for the State, Counties, Townships, Municipalities, Towns and Villages for their public improvements, to acquire, condemn, or construct manufacturing plants, and to acquire or condemn lands containing oil, gas, stone, clay, shale, marl, sand and minerals, in the State of Ohio.

Said bonds shall be receivable for State, County, Township, Municipal and Village taxes; in payment of private obligations incurred and payable within the State, held as legal reserves of banks organized

under the laws of the State of Ohio, and exempt from taxation.

There shall be levied and collected annually by taxation an amount sufficient to pay the interest of one-half of one per cent. per annum, and to redeem said bonds at the rate of Four Million Dollars per annum. Laws shall be passed to provide for the maintenance of said roads and bridges.

Such construction, rebuilding, improving and repairing of wagon roads and bridges, and the acquiring, condemnation or construction of manufacturing plants, and the acquiring or condemnation of such lands, shall be determined under general laws, and the cost of construction, rebuilding, improving and repairing the same and of such acquiring, condemnation or construction shall be paid by the State out of this fund.

The provisions of this section shall not be limited or controlled by Section 2 and Section 6 of Art. 12.

We, the undersigned, petition that the foregoing proposed amendment be submitted at the general election in 1914.

Copy of the above blank petitions will be supplied by addressing General Jacob S. Coxey, Massillon, Ohio.

The state can construct a modern brick plant (continuous kiln) with a capacity of 100,000 brick daily, for \$250,000.

The plant can produce 30,000,000 brick annually in 300 work days. This makes it at maximum output and minimum cost. Following is the cost of the manufacture of brick per 1,000, figuring state to own its coal mines:

Fuel cost for power, 600 lbs. coal, at \$1.30 per ton, per 1,000 brick	\$0.39—\$39.00
Fuel cost for drying and burning, 900 lbs. at \$1.30 per ton, per 1,000 brick.....	\$0.58½—\$58.50
Materials, shale, etc., handled with steam shovels, from state owned beds, 11,000 lbs. to 1,000 brick of 10½ lbs. each, per 1,000 brick.....	\$0.10—\$10.00
Supplies, incidentals, repairs to machinery, etc., per 1,000	\$0.25—\$25.00
Depreciation, wear and tear on plant, 10 per cent per year on \$250,000.....	\$0.83 1/3—\$83.33
Interest, ½ of 1 per cent on \$250,000 bonds, per 1,000	\$0.04 1/10— \$4.10
Labor in producing clay and material, manufactur- ing brick, drying, burning, loading in cars, and office expense, working total of 132 men per 1,000	\$2.65-100—\$265.07
Superintendent of plant, per 1,000 brick.....	\$0.15—\$15.00

The cost, if owned and operated by the state, will be \$5 per 1,000 for vitrified paving blocks, weighing 10 1-2 lbs. each, against \$15 per 1,000, which is now being paid, a saving of 66 2-3 per cent. over the present system of letting the contracts to construct the roads to contractors, they buying the material from manufacturers.

What Our Government Legalizes

It creates money, furnishes it to the banks AT COST, to be loaned to the producer at 6 to 8 per cent.

Government pays the banks interest upon their non-taxable bonds deposited as collateral for the issuance of money at cost!

Government allows BY LAW the banks to loan out at interest 88 per cent. of the bankers' debts (their deposits), therefore the bankers live upon the interest they receive upon their debts, but the producers must pay the interest upon their debts.

Our Government allows the productive corporations to put 20 millions of water into a ten million dollar physical value corporation, and thereby capitalize it at 30 millions, then lowers the price of labor and puts in the speeding system so as to pay dividends upon the water as well as the physical value.

Allows the railroads to capitalize their corporations to eighteen billions in bonds and stock which only cost six billions, and then creates an inter-state commerce commission to run them and fix the tolls to pay dividends upon 18 billions (of which two thirds is water), the Government paying expenses of regulating the railroads and fixing the rates of freight and passenger service, but is getting none of the profits! Same way with the telegraphs and telephones!

What is the result? The only thing that we have saved, is the postal system, which is being operated at cost to all the people.

The banks are pulling out of the people in interest more than they can stand for.

The railroads are draining the people through transportation rates.

The productive industries are crowding their labor down and speeding them up to the point which compels open conflict with their employees.

Starvation faces the worker because he is unable

to speed up fast enough to pay 7 per cent. dividends upon preferred stock and 5 per cent. on common stock, or about 25 per cent on possibly decent valuation.

Coal operators are running their mines in the same manner, and they are under martial law, trying 40 men and Mother Jones under this law for the alleged killing of soldiers who had fired upon a body of miners.

How is all this to be remedied?

There is no half-way ground. First, reverse the order of things as they are today, and legalize all these utilities for the people at cost, namely:

Furnish all money to all the people at cost.

Abolish all stocks and bonds.

Abolish all interest and dividends.

Take over, through condemnation proceedings ALL RAILROADS, pipe lines, public utilities, telegraphs and telephones, paying physical value for them in full legal tender money, confiscating the franchise and water value.

Take over all mines, oil, gas, all large productive corporations, and run them at cost to all the people.

Put in place of all stocks and bonds, full legal tender money at cost.

When we declare for this service at cost, we mean the application of the same principle which supplies the people their postal service at cost.

If a manufacturer has a legitimate industry upon which he pays taxes and which the banks consider good collateral for a loan, let the Government be as good to him as it is to the banks, and supply him his capital without the tax of five to eight per cent. interest.

If the farmer has a three thousand dollar farm and he wishes to secure the use of a thousand dollars to further make improvements or stock his farm with catt^t or hogs, let the government handle that loan and handle it at cost, the same as it does to the banks. In other words let the farmer pay the same 6 per cent. he pays to the banker, allowing four per cent. of each interest payment to be applied on the principal, one-half of one per cent. go to cover the cost to the government for handling the transaction, and one and one-half per cent. go into the general revenue fund, displacing the necessity for internal revenue taxes and import duties.

The Missing Link

If there is any one thing a class conscious, revolutionary, stand-pat Socialist orator craves, more than another, it is to have his audience propound questions.

The Highway is good naturedly going to submit just one and be it speaker or writer, who can furnish the best reply, will have the space, and it need require but a few lines. It is this:

What provision does the Socialist program offer for the employment of labor displaced by improved machinery during this transition period so much talked about, through which we are supposed to be passing, from capitalism into the next, or, Socialism?

Highway's overseer has made bold to privately propound this inquiry to the last three speakers who have splendidly handled their subjects before audiences in Massillon. The only reply given, was "open government works, road building," etc.

Even this does not meet the question in the mind of the average jade who is so tired of the present grind for an existence he cannot go home with a smile on his face, from the grim fear that when he returns to his place in the morning he will find a new machine doing the work and he out of a job.

The Socialist is supposed to be long on program—definite program. Programs which tell "how" and all about it. Is it too much to ask him to relate in what manner, under the present system he is to provide payment for such labor on public works?

Is the worker to be paid in gold, silver, paper, or checks? Who is to control the issuance of such funds, and how does the Socialist propose to deal with the banking question which he will promptly bump into when he starts to open public works and peacefully begin to revolutionize?

It is no answer to this question to dilate upon what will be the program under Socialism. We are not there yet, meantime there are millions of stomachs to be filled three times a day, millions of helpless women and children to clothe, shelter and school.

It is the NOW, here under capitalism, this part of your program must be made to apply, else it is a defective program. That is true or it is not true.

This leads to another inquiry, pertinent right here. If the man who sees the need for this definite program, one that is worked out ready-made for application the minute a majority are ready for it, and which in its operation will give the workers a taste of what they can acquire by driving the wedge deeper and deeper into the present system, if such a man is merely a "reformer" what is the man who has NO program to offer the jobless, displaced victim of the system?

How many of the eloquent exponents of Socialism can stand before an audience and in as few words make clear answers to the question "What is Money?" as they can to make you look upon the employer under the present system as a greedy parasite?

Here is an operative working in the mill. He is told the mill is to shut down for repairs, and he may have a few weeks in which to relax and get acquainted with the family. When the whistle blows hereports for duty and finds a lot of new machines have been installed removing necessity for his further services there. He turns to the Socialist and asks what he is to do?

"Vote for Socialism," he is admonished.

"What am I to do with my family between now and election day?" he asks the Socialist.

Can the Socialist point to his program and give him any better reply than Taft's immortal "God Knows?" then proceed to damn the system.

But the system won't move out any the faster for more damning. If damning the system would remove it it would have been gone long ago. It has been damned—is damned. It is putrifying, rotten. Not a man or woman with self-respect or a direct beneficiary longer pretends to defend it. But it is here. It is all we have, and must be carted away to the dump, a part at a time. A beginning must be made, a place cleared for starting foundations for the new.

Can't you make a place for at least one piece of constructive machinery to operate? Our printing presses are worn out in the service of printing diplomas for efficiency to graduates in the wrecking service.

Speakers themselves are chafing under the monotony of their old song. They can feel the undertow currents from the multitude they are addressing for a "show us how" yet forced to dismiss their audiences before that point has been reached.

Great papers like the New York Journal are openly proclaiming the doctrine of confiscation. Others will soon be declaring for repudiation. Both of which the Socialist will repudiate as he repudiates the direct action of Haywood. And he should.

Yet, when pinned down for a concrete program, which of the four mentioned has the advantage? Will someone answer?

For many years statesmen, philanthropists, sociologists, and Socialists have chosen to cast aside one stone which may be labelled the Money Question. If you get your New Jerusalem walls up to the point where no other stone will fit, possibly a discovery will be made once more. Better go over your blueprints before rushing the work unduly. It may save you having to do over again some very important details in the structure.

“For the stone which the builders rejected shall become the head of the corner.”



David Coxe, 11 Years, Courier in March, 1914.

“Justice for Coxeys”

The design of this paper is to diffuse among the people correct information on all interesting subjects, to inculcate just principles in religion, morals, and politics; and to cultivate a taste for sound literature.—[Prospectus of the *Evening Post*, No. 1, November 16, 1801.]

N. Y. Evening Post, Feb. 6, 1913, most conservative of N. Y. press, editorially says:

The time has come, it seems to us, to perform a simple act of justice to “General” Jacob S. Coxeys, of Ohio, for the reason that, if some one does not recall at this time the facts of history, this great advocate of the people’s welfare will be deprived of the laurels that are properly his. It will be remembered that in 1894, while the effects of the panic of the previous year were still acutely felt, Gen. Coxeys organized his army of the dissatisfied and unemployed to march on Washington and demand of Congress that this Government of the people be restored to the people. He was hooted at, ridiculed, denounced, and troops were called out to regulate the progress of his forces. But when he reached Washington he was accorded a respectful hearing by a committee of Congress. His arguments were subsequently reprinted in pamphlet form, and it is upon this that we shall draw to prove that many of our modern reformers have deliberately plagiarized from General Coxeys in their efforts to set the people free.

There is the initiative and referendum, for instance. How few people know that Coxeys was the first of our great statesmen publicly to demand them, not only for Ohio, but for the nation—or at least to *walk* for them? Others, college professors and students of Swiss history, may have privately advocated these innovations, but Coxeys and his followers were the first to go to Washington and ask to be counted, on the grounds of the capitol, in favor of these propositions. There are those who would claim the honor of being the pioneer public man to advocate this reform for William S U’Ren, of Oregon, to whom is also credited the proselyting of Woodrow Wilson. The latter may be true, but for Coxeys we claim first honors, just as we proclaim him the originator of the idea of walking to a place in order to get what you want. This latter we stress particularly lest a fickle public credit this political device to “Gen.” Rosalie Jones and her undaunted suffrage hosts that, having conquered Albany, are now preparing to move on

Washington, just as Coxeys did nineteen years ago. But if time has thus set its stamps of approval upon Coxeys on-to-Washington policy, it has equally vindicated his appeal for the initiative and referendum in Ohio. By an overwhelming majority, just eighteen and one-half years after Coxeys demanded them in Washington, they were written by his fellow-citizens into the organic law of his State. Who will venture to prophesy, in this swiftly changing time, that a statue of Jacob S. Coxeys will not stand side by side with that of "Rise-up" William Allen in the rotunda of the Capitol from whose grounds rude policemen once ejected him? Yet in all the pæans of triumph after the Ohio election, we regret to say that Coxeys's name was not mentioned.

So, too, we were distressed to find that certain phrases originated by him were freely adopted during the last campaign without regard for his copyright. Coxeys first said: "In order that the people may be enabled to regain control of their State, county, and municipal affairs, we demand," etc. Yet no phrase has more frequently been used by candidates, from Bryan down to La Follette and Sulzer and all the Progressives, than this little gem—always without credit to Coxeys, the first to see that our Government had slipped out of the hands of the plain people. As for Bryan—but here we reach a difficult subject. Who was the chairman of the Committee of Congress which heard Coxeys on that ever-memorable Tuesday, January 8, 1895, but William Jennings Bryan, then Representative from Nebraska? Now, we are not going to join certain friends of Coxeys in insisting that all his radical ideas Bryan obtained from Coxeys at that day and hour. Mr. Bryan's heart, we know, was throbbing for the plain people before that time. So we would merely point out that, just as there are two claimants for the credit of every great invention, Mr. Bryan had arrived at the same conclusions simultaneously with Gen. Coxeys. Thus, as chairman, Mr. Bryan must have thrilled to hear Gen. Coxeys say: "The great issue, I believe, before the American people today is whether the railroads are going to own the Government or the Government is going to own the railroads. I can show you plainly how you can buy up the railroads of every State and Territory, and pay for them." True, Mr. Bryan did not speak out for Government ownership for some years thereafter; but each great man must take his own time for such public pronouncements. Today, in 1913, do we not read of a

Massachusetts legislative proposal to buy the railroads? Is not the Federal Government now owning and operating a railroad in Panama?

But we could fill a page with similar illustrations of the way in which time and fate have persistently caught up with and justified Gen. Coxe. One of the chief planks in his platform was, "a service pension to all soldiers of \$8 per month, and in addition one cent per day per month for each day of actual service." We submit that the dollar-a-day pension demand was but an echo of this, and that the universal pensioning of every veteran so recently achieved, must be attributed primarily to Gen. Coxe. Again, on Gen. Coxe's special campaign car stood the legend: "All railroad section men to receive no less than \$1.50 per day of eight hours' work." Who has a better right to claim the credit of the high wages and short hours of section hands today? Of course, we must admit that Coxe's bill providing for non-interest-bearing bonds has not yet been adopted by Congress. That need discourage no one, for we have come but a short distance from 1894, and, moreover, it is to be observed that this plan of paying no interest on other people's money has been of late, not altogether unheard of in Wall Street. Finally, we confidently expect to see in the next Progressive platform these two Coxe planks: "It is the crime of the nineteenth (twentieth) century that three millions of our fellow-citizens are in involuntary idleness, thus causing an irretrievable loss of millions of dollars daily" (this being coupled with a demand that every town, village, township, Territory and State issue bonds to employ the unemployed); and "President, Vice-President, and United States Senators must be elected by direct vote of the people."

COMMERCE.

My object is to illustrate underlying principles, by taking "Commerce" as a text. * * *

If you will pass along the highways and byways of trade and listen to all that is said of the importance of extending our commerce, you will be led to think that "Commerce" is to the physical condition what Wall street is to Congress—*its soul*.

Indeed, the world at large, without "Commerce," would be like a political canvass without whiskey—*dead*.

To hear the "long headed" fellows talk of the "desirableness" of extending our "Commercial relations," you would think "Commerce"

“Was the sum of all good.” “The end of all desire.”

Ah! me, there are statesmen, not only “long headed,” but “thick headed,” too.

They affirm: “The necessity of extending our Commerce has become supreme.”

Our whole foreign trade is *two* per cent as compared with our domestic, which is *ninety-eight* per cent.

And yet there are *men* who are dying because our government will not give its whole energies to furnishing a money for the *two* per cent and let the *ninety-eight* per cent perish for want of sufficient money to do the vast business transacted at home.

These “rampant roarers” are shedding barrels of tears over the *two* per cent but not a tear for the *ninety-eight*.

O! wisdom, be silent. O! reason, be dumb.

Now for a little sense.

Ask one of these fellows—“*What is Commerce?*”

“What is that thing that you say must be extended—extended to foreign countries?”

Let us know exactly what you want extended.

If you urge them to give you a definition of “Commerce” they are wholly disqualified for the task. Their verbosity of speech is only equalled by their inanity of sense. Our foreign Commerce should be attended to as a wise policy.

But our home trade must be nurtured and cared for, with our whole strength, in order to the highest happiness of the people.

To neglect our home Commerce is to court the death of the Republic. * * *

What is Commerce? Those who talk learnedly about “extending” it fail to give a definition of it.

Those who say the extension of our Commerce is a “necessity” are wholly lacking, in clear definition, as to what they want.

“Commerce” with them is a general term and they cannot intelligently explain, even to a boy, what they are talking about.

So all the way from Legislative Halls down there is much noise, little sense and less truth on this question.

We ask for definitions. Let us hear from the people. We give ours and from it argue.

“Commerce”—the traffic in and carrying from one place to another the products of human labor and human genius—derived from nature.

He who loads his wagon at his barn with wheat, and draws it to the warehouse, *is a part of Commerce*. For he

is carrying from one place to another the product of labor.

To *create* "Commerce"—foreign and domestic—*two* things are essential.

1. Change of *title* to the product.
2. Change of *place* of the product.

To *extend* "Commerce" *two* things are necessary:

1. To increase the change of title.
2. To increase the change of place.

To do this, *two* things are needed:

1. Some "medium" by which title in products can be changed.
2. Some "medium" by which the product itself can be moved.

"Traffic" is merely changing title.

The merchant selling goods is but *changing title*—and the more title he can put out of himself into his customer the better the day's business.

There are two ways of changing title.

1. By barter. 2. By money.

Credit is but a change of title, to be closed by barter or money, in the future.

These positions being true—it follows:

1. That there must be a sufficiency of the "medium" to healthfully exchange all the titles need to be changed.
2. That there must be a sufficiency of the "medium," to healthfully move to the places required, all products that need moving.

The sequence to this is: In the rightful exchange of title and carrying from place to place the products of labor, to the extent required by the diversified wants of mankind, are the material interests of the race, most fully assured. While to disturb these great equities of life is to become a murderer.

Before we illustrate these, let us state some maxims.

1. Man's highest duty is:

To make of himself the best intellectual, moral and physical being possible.

2. To do this he must be fed, clothed and sheltered.

Hence, that he may accomplish these high duties he must have free access to nature.

There must be, therefore, the change of title of products and the change of place of products. And it follows that in exact proportion to the change of title in products and the change of place of products, is the happiness of man advanced or retarded.

Neither the form of government, the age of the world,

nor the religious belief in the least degree affect these center truths in the life of man. * * * Labor was the first, the great gift to man. Capital is the fruit.

Bearing these elementary principles in mind, let us amplify: Let us, for the "medium" by which title is changed, substitute "dollar," and bank credits. And let us, for the "medium" by which the product is moved, substitute "car," and equipment.

Then let us suppose that a munificent father, through his bounteous ways, has filled the world, in response to the toil of man, with all that is needed to feed, clothe and shelter.

And on a certain day it is found that there are "dollars" and bank credits enough to change the title to labor in production and products as fast as the demands of food, clothing and shelter require.

And on the same day it is found that there are enough "cars" to move from place to place products as fast as the demands of food, clothing and shelter require.

Then human interests, material, are at their best. The highest mortal state is attained. The march *then* is toward intellectual, moral and physically perfected manhood.

At this point, when all of material happiness seems to blend with an infinite plan, suppose the government, no matter what its form, should reach forth with sovereign grasp—

And take half the "cars," lock them up or destroy them, or stop purchasing equipment for railroads.

Infinite wisdom could alone tell the horrors that would follow.

Products would gorge in one place, in another place, emptiness. One place would have surfeit of food, in another starvation. Earth, the day before fair as Eden, now turned into a lazaretto of death. Nature's bounties destroyed and its blessings turned to a curse.

And all from the simple fact of stopping one-half of the "cars"—or stop purchasing equipment for railroads.

"Commerce" would be ruined, its necessary elements annihilated.

What would the just man say, what would he think of a government like that, a government transformed into an enemy of both Nature and man?

But suppose the "cars" are all left and the government takes one-half of the "dollars" that are the basis for nine dollars each of commercial bank credits, out of circulation, locks them up or destroys them. And, when remonstrated

with, instead of changing its course, keeps on till all the "dollars," and credit, save one quarter or less, is locked up. And then boast "there were just as many dollars as ever."

Such a government would be a tyranny unequalled in the world's history.

The men who brought such a condition should be totally destroyed and their names head the list of infamy in all after ages. Mortal man could not tell in all its fullness the suffering that would fill the world.

Starvation and death, in a march through the fields of desolation, would make a picture that would cause heaven to be draped.

Business failures would multiply. Penitentiary officers would increase. *Murder* would reign. *Lunacy* grow till hope would die. *Suicide* would fatten as it roamed the fields of despair. *Divorce*, with the vengeance of a devil, would threaten with utter extinction the marriage relation—the holiest relation of all.

And then the rulers, no matter of what name, are stricken to death by the hand of assassination.

These signs of a dying civilization are lighting up the world today. Take warning!

The locking up or destroying of the "dollar"—the basis of bank credits and curtailing bank credits would be—is—infinitely worse than destroying the "cars" and stopping the purchase of equipment.

For the "Credits" (debts) could never be discharged and the interest on them could never be paid.

So man, bearing a burden, so heavy as to make life a curse—*dies in despair*. * * * The direct effect of locking up the "dollars" and curtailing bank discounts is to drive us down to *barter*, to destroy Commerce,—to destroy civilization.

"Commerce" destroyed, man reduced to a savage.

The exchange of title of the infinite variety of products—stops. The carrying from place to place of this infinite variety—stops. "Old chaos reigns—"

"The damned, in ceaseless chatter, ring out hell's jubilee." The world—our Republic—is struggling in the midst of this sea of ruin today. As the "dollars" and bank credits grow less "Commerce" becomes a curse.

For the other factor, "cars," double up their demands—so that the carrying of products from one place to another becomes a *monopoly*—"Infinite in grasp, deathless in purpose." And as "dollars" and bank credits lessen in number, and railroads stop buying equipment, monopoly grows

until the nation hangs in even balance between life and death.

The stoppage of purchase of equipment of the railroads of ninety per cent as they have done the last ten months has paralyzed the business of the country and created five millions of unemployed which is a crime.

The *value* of "dollars" and bank credits consists in putting them away from you, for something that will feed, clothe and shelter the body. So to *hoard* "dollars" and curtail discounts is a crime!

The "dollar" and bank credits is the "medium" to change *title*. So to *hoard* "dollars" and curtail bank credits is a crime! The "car" is the "medium" to change the *place* of products. So to stop them is a crime. And to make them a monopoly is a crime. So to stop purchasing equipment is a crime.

The "dollar" (the medium of exchange) knows no state, no nation—the *world is its field*.

The "car" (all appliances for carrying) knows no state, no nation—the world is its field!

Wherever upon earth Nature has spread her bounties and laid up in store that which will feed, clothe and shelter, when utilized by labor—there "capital," with the "dollar" and stop discounts and bank credits in one hand and the "car" in the other, rears its tabernacle—and begins the robbery of Nature and man. It does it by monopolizing the "medium" that changes title to products, and by monopolizing the "medium" that changes the *place* of products, and stop purchasing equipment.

"Capital" has spread its checker-board—it is the *world*.

The stake played for—*possession* of the earth.

And when the game is counted, the result declared, it will be—Slaveholders on one side—slaves on the other!

The gold standard means this.

The fight against legal tender means this.

The substitution of full legal tender paper money in volume sufficient for all purposes in place of bank credits through a system of Federal Banks at a tax of 2% and Federal ownership of all transportation lines—is the *remedy* so far as the money and transportation questions are concerned.

Having discussed the questions in group and singly it remains to urge the supremacy of labor over capital in order that civilization may live, and then show that the trust question is the one in which labor is to be enfranchised.

NATIONAL BANK PRIVILEGES

1. The National treasury holds their bonds for safe keeping, and collects and pays over the interest free of charge.

2. The government loans them 95 per cent of the face value of the bonds on twenty years' time at 1 per cent per annum.

3. Both the bonds they deposit and the money they receive are exempt from taxation.

4. The treasurer is authorized to pay them the interest on the bonds one year in advance without rebate.

5. They are authorized to receive deposits and to loan them out, and to reloan the currency they receive and thus get double interest—one interest on what the government owes them and another on what they owe the government and the people. The law authorizes them to subscribe 6% of their capital and surplus to regional reserve banks and borrow it back with postal deposits and all government revenues.

6. After they have loaned out their money on first-class security, and pay day is approaching, the law authorizes them to contract and retire their circulation, so they can create a panic, bring prices down, and bid in their securities at half their real value.

7. The same law authorizes them to inflate the currency without limit, and raise prices so as to sell their confiscated securities back to their owners at double the cost they were bid in at.

The same law authorizes the government to issue the money to the banks at cost, then compels the government when it needs money to build the Panama Canal to issue interest bearing, non-taxable bonds, sell them to the banks, borrow the money the government created and turned over to the banks at cost, and now taxes the people to pay the banks interest *for the use of the people's own money*.

The following opinion, contained in a press dispatch, date unknown, is of interest right here:

There is no such thing as money in the bank, according to an opinion delivered by Attorney General Byers, of Iowa. You may put money in the bank, and then the bank owes you money, but so far as having any money there, you have not.

The opinion was delivered at the request of Auditor Carroll, to whom an application had been made for a permit to conduct an insurance company which was to insure bank deposits. The question was referred to the legal department for an opinion as to legality of such a company.

"Money in a bank is not the subject of insurance," said the attorney general. "In fact, there is nobody, legally speaking, who has money in the bank. The money which a man takes to the bank ceases to be his when he places it in the hands of the banker and receives a receipt for it on his pass book, or a certificate of deposit.

The money then belongs to the bank, and the bank owes the depositor. The depositor has no title which he can insure, for he owns nothing. He has parted with his money and simply has the promise of the bank to repay him a like amount; but he has no actual money that he can trace and *nothing so intangible as a bank's obligation* can be the subject of insurance. No recovery could be had for the loss of a bank deposit, because the depositor does not own the money."

Under this ruling the auditor refused to license the company.

What would the bankers say if a crazy farmer should make the following demands upon one of their institutions:

Farmer—"Mr. Banker, I have a deed of a farm here which cost me \$10,000. I desire to deposit it in your vaults for safe keeping."

Banker—"All right. You will, of course, be willing to pay us for the care we bestow upon it?"

Farmer—"Not at all. I want you to loan me \$9,500 for twenty years at 1 per cent per annum in consideration of the deposit."

Banker—"Anything else?"

Farmer—"Yes; I want you to collect the rent on my farm and pay it over to me without trouble or cost on my part."

Banker—"Anything else?"

Farmer—"I want you to relieve me from all taxes, national, state and municipal, on both my farm and the money you loan me on my deed."

Banker—"Is that all?"

Farmer—"Oh, no; not by a jug full! I want you to pay me the rent on my farm a year in advance, without rebate."

Banker—"Well, what next?"

Farmer—"I want you to make me the custodian of your surplus deposits and when you require currency to meet current demands pay me 8 or 10 per cent for the use of it."

Banker—"What am I to get for all these privileges to you and sacrifices on my part?"

Farmer—"One per cent for the \$9,500 you loan me, one-half per cent on the deposits you make with me, and the glory of my confidence and the credit you will be honored with from my family."

Abraham Lincoln in letter to General Waggoner:

"The bonds at end of five years should be paid in greenbacks, and the interest stopped. This is not doing wrong to the bondholder, and it is doing right to the soldier and the whole country."

UNITED STATES SUPREME COURT

The issuance of money is a requisite of sovereignty.

It can be coined, *made* of any material the government issuing it may select.

The legal question in the United States has been settled by the Court!

"As the act of February 25, 1862, declares that the notes of the United States shall also be lawful money and legal tender in payment of debts, and that act has been sustained by the recent decisions of this Court as valid and constitutional, we according to this decision have *two kinds of money*, essentially different in their nature, but equally lawful."

Here the Court of the United States puts metal and paper money on the same constitutional ground, both lawful and constitutional.

In a later case, the last one before the Court, they are equally clear.

The case of Sullivan vs. Greenman, in the Supreme Court of the United States, March 3, 1884, the question at bar was, the Constitutionality of the Act of Congress of May 31, 1878.

"Congress has the Constitutional power to make the treasury notes of the United States a legal tender in the payment of private debts in time of peace as well as in time of war."

The Court says: "The single question, therefore, to be considered, and upon the answer to which the judgment to be rendered between the parties depends, is, whether notes of the United States issued in time of war, under Acts of Congress declaring them to be a legal tender in payment of private debts, and afterwards in time of peace redeemed and paid in gold coin at the treasury and then reissued under the Act of 1878, can, under the Constitution of the United States, be a legal tender of such debts."

"Upon full consideration of the case, the Court is of opinion that they can."

"We are irresistibly impelled to the conclusion that the impressing upon the treasury notes of the United States the quality of legal tender in payment of private debts, is an appropriate means, and is plainly adapted to the execution of the undelegated powers of Congress, consistent with the letter and spirit of the Constitution."

"Congress is authorized to establish a national currency—*either in coin or in paper*—and to make that currency *legal money* for all purposes, as regards the national government or private individuals."

"It follows that the Act of May 31, 1878, is constitutional, that the tender in treasury notes, reissued and kept in circulation under the act, was a tender of lawful money in payment of the debt."

This settled the question that the government can make *lawful money* out of PAPER.

"The question whether at any particular time, in war or in peace, is a *political* question to be determined by Congress, when the question, exigency arises, and not a *judicial* question to be afterward passed upon by the Courts.



CARL BROWNE, GENERAL JONES AND COXEY,
Photographed After Entering Jail Hand-cuffed, to Serve a Sentence
of 20 Days for "Treading Upon the Turf or Grass
and Injuring the Shrubbyery."

PASSING OF CARL BROWNE.

Words fail me in this connection when seeking expression for the loss sustained, not alone to the commonweal movement but to the country as well, when the Chief Marshal of the former march, Carl Browne, passed away in the city of Washington, Jan. 23rd, last, after an illness of less than two hours.

I can say no more here than I have said to my friends many, many times, that Browne was the most unselfish man of my entire life's acquaintance. He never gave a thought to pecuniary gain. His whole heart was in the movement to emancipate labor, which forced his mind to continuous and unceasing action along these lines, until finally, nature overtaxed, he dropped dead in his great life work.

Twenty years ago, while he was living at my home, during the fall and winter preceding I had him campaigning constantly on the money question. We were together constantly, and trying to hit on some plan to get the nation aroused to the unemployed conditions so as to get quick action.

He related one day in November, 1893, as we were driving and within a mile of my home (in the country near Massillon) about having marched the unemployed in San Francisco, so I said, "Browne, we will get up a march to Washington," and from that moment till the 25th of March when the start was made, we were kept busy organizing and circulating petitions to Congress on Good Roads and Non-Interest bonds.

After 35 days' march we arrived at the Capitol, and while making an effort to present our petitions to Congress, Browne and Jones were arrested, taken to jail, and I was escorted off the Capitol steps and grounds by a police squad, but not arrested until three days later. They tried us for "treading on the turf or grass and injuring the shrubbery," fined each of us five dollars and twenty days in jail.

While there Browne and I occupied the same cell, so my tribute to him is from personal contact and knowledge. His whole thought the last two years was bent on how to get the Socialist party to line up in favor of the three measures that the second march is trying to focus the attention of the country and Congress upon.

J. S. C.



JACOB S. COXEY AND CARL BROWNE

In Cell of District of Columbia, Washington, D. C., Jail, Serving Sentence of Twenty Days for "Treading Upon the Turf or Grass, and Injuring the Shrubbery."

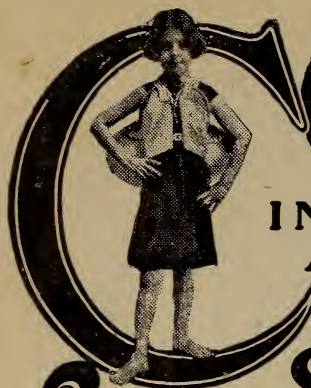
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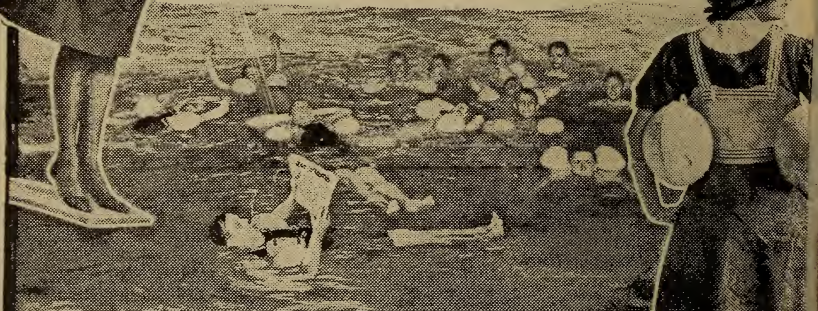
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IMPOSSIBLE TO SINK

WHAT SOCIETY OF EQUITY IS DOING IN IDAHO

The Farmers Society of Equity are circulating the following:

We have in this state the electing of a United States Senator and two Representatives; but before we give them our vote, we desire a pledge from each of them that they will lend their best efforts to the establishing of government banks wherever necessary for the purpose of loaning money direct to the people at 2% per annum.

We offer the following reasons why we think the laboring people and farmers should use their franchise to secure its adoption:

1. Money, being created by law, and the people the law-makers, therefore, as a whole the people should receive the benefits of that law instead of a few favored ones.

2. As a result of the use of that law, the people of the United States find themselves in the following condition:

It is reported that there is on deposit in the United States, and belonging to the people, twenty billions of money, while all the money we actually have in circulation is, according to the comptroller of the currency, \$3,282,500,000; now if the depositors wanted their money—how many could get it?

About one-half of the money is redeemable in gold. Our laws compel the government to keep on hand in the treasury \$150,000,000 in gold to redeem this paper money, or greenbacks, and we think there are gold treasury notes in circulation sufficient to take up this reserve, hence the others are not secured, which amounts to \$350,000,000.

3. There is \$759,000,000 of National Bank Notes in circulation, payable by whom—or in what—I do not know.

4. Through the scarcity of money the people have been compelled to go into debt to the amount of \$90,000,000,000 of interest bearing bonds, which average 5% per annum, which, in the aggregate, amount to \$4,500,000,000 payable in gold. This amount is \$1,000,000,000 more than all the money we have in circulation. What the result would be if called upon to pay our interest can be imagined.

5. The only way to raise money to meet these obligations is by higher taxation; therefore, what will be the result if the present system continues?

6. The only politics we have had, with few exceptions, is the "Big Pocket Book"; the time has evidently come when the people must take a hand in governmental affairs, and if they will consider the ticket at the beginning of this paper, we think it will be financial freedom to them.

7. The reason the rate of interest is advocated so low is that it will stop the future issue of bonds.



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Massillon, Ohio, March 25th, 1914.

HON. WOODROW WILSON, President, and Members of
House and Senate of the United States:

Sirs:--Twenty years ago today the Commonwealth started the weary march from Massillon, Ohio to Washington, to petition Congress to pass two laws, the Non-Interest Bond and Good Roads Bills, to set the idle to work on Market Roads and other public improvements.

Three of the leaders were jailed twenty days for their efforts, myself being one of them.

April 16th, 1914, the Commonwealth will start again, going over the same route, arriving at Washington May 21st, 1914, petitioning and demanding the passage of three measures fully explained in this book.

I am mailing a copy of The Coxey Plan to each of the members of your Cabinet and the Supreme Court of the United States, as well as to yourselves.

This will give each of you at least forty-five days' time to inform yourselves as to the objects of this second march, practicability and justice of the demands; whether we are to be treated as citizens under the Constitution and allowed to present our petitions upon these measures and to be heard from the steps of OUR National Capitol, or denied that constitutional privilege and again cast into prison for alleged treading upon Special Privilege Grass.

Yours truly,

JACOB S. COXEY,

Commander-in-Chief Commonwealth of U. S.

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