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EDITORIAL

## ON THEIR KNEES BEFORE PROUDHON.

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**T**HE most celebrated—celebrated in the sense of the most irrational—proposition of Proudhon for the abolition of involuntary poverty, of wage slavery, and of the ills that capitalism afflicts society with, was his “Bank Proposition.” The Government was to issue money; these moneys were to be deposited in banks; and the banks, in turn, were to loan out the deposits. Thus the “root of industry” would be kept perpetually watered automatically; the tyranny of wealth would be no more; poverty would vanish. In the West, a generation ago, a Western adaptation of the same thought sprang up in what became justly known as “Wild Cat Banks,” spreading disaster and ruin. If the money has value, only those who start in the race equipped with property could enter the lists. If the money has no value, represents no value, and is purely fiat, the race is bound to break up in catastrophe. Such was the scatter-brained device of Proudhon. Such is the essence of the \$100,000,000 issue of United States Treasury Certificates to “restore confidence.”

When well developed, as Capitalism is to-day in America, it spells “Swindle” from top to bottom. It is a “Confidence Game” in all that the term implies. Confidence games, like diseases, run their course. A time comes when the Confidence Game has exhausted its energies. Then the reaction sets in. Confidence is then said to be “destroyed,” meaning it is detected. People then hug their cash, and the crash sets in which proves that “Prosperity” was but an inflated windbag. Such periods are critical for Capitalism. They bring the fraud to the verge of collapse. All efforts are then set on foot to lure “Confidence” back. The press sets falsely rosy reports afloat; the capitalists, small and big, whistle to keep up their courage. It is a sort of financial homeopathy—the endeavor to cure the evil results of fraud by fresher applications of fraud. The less developed the swindle of

capitalism is, the shorter are these spells of acute disease. The further developed the swindle is, all the longer and, therefore, more dangerous are the spasms of “destroyed Confidence.” Such is the case to-day. All regulation quack doctor nostrums having been exhausted and failed—the premium on gold still rising in England phenomenally; stocks still swaying backwards and forwards, and still “recovering” only to take deeper plunges; suicides of bankers still multiplying; factories still shutting down and men still laid off by the scores of thousands; in short, money, whatever there is of it, still hiding in hoarders’ secret closets—finally in steps the “collective wisdom” of Capitalism, The Government, and takes a hand. Carlyle pithily said you cannot obtain Wisdom by concentrating Ignorance or Stupidity. The “collective wisdom” of Capitalism is made up of the Individual Ignorance and Stupidity of the Capitalist Class. “Confidence” being the individual capitalist’s game, nothing but a “Confidence Game” upon a larger scale can be the method of the capitalist Government. The \$100,000,000 emergency issue of the United States Treasury Certificates is an instance in point, and proves the fact.

The Treasury Certificate does not represent gold deposited in the Treasury. It is pure “fiat” money. Seeing the Government does no banking business, even this “fiat” money can not be directly set into circulation. How is it to “restore” confidence? It is to be “deposited in the banks,” and these, à la Proudhon, are to loan it out. Thus, into the vortex of the mess, that the banks have led in making, the Government of the United States is to be drawn. The catastrophe that the “Confidence Game” is drawing over the Nation’s head, is to be averted(!) by a still huger Game of Confidence that can only broaden and deepen the area of the impending calamity.

Pierre Joseph Proudhon is about as hated a man by capitalists as there is. It is not that Proudhon was a constructive aggressor of capitalism. On the contrary, his constructive theories were positively wild-cat. In so far, the capitalist would rather be inclined to dote upon him. The thief at bay has a soft spot in his heart for pursuers whose system of pursuit is so defective that he can easily elude them. The reason of the capitalist hatred for Proudhon is that, amidst his incoherent rant, he fired one shot that went home. Proudhon’s statement, “Property is theft” has rankled in the capitalist breast, unpardonable. Nevertheless, danger has more than once been known to wipe out hatred, and to drive the hater into the arms of the

hated for asylum. Themistocles, at the end of his tether in his conflicts at home, fled for protection to the hearth of his former foe, King Admetus in Epirus; Napoleon, ruined at Waterloo, threw himself for safety into the arms of his arch enemy, England; and now, American Capitalism, driven crazy by the Nemesis of its crimes, prostrates itself at the shrine of the hated Proudhon.

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