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EDITORIAL

REASONING IN A CIRCLE.

By DANIEL DE LEON

TO the student of Economics the recommendation is made to read the Baltimorean Henry Rawie's latest 25 cent pamphlet, No. 12 of a series entitled *Science of Value*. The present volume has for its specific title *The Standard Price of Cotton*.

By this recommendation we do not mean that the booklet is a sound one. It is the opposite. From beginning to end, with hardly an exception here and there, the booklet is a succession of economic bulls. Nevertheless, as the booklet struck as a peculiarly luminous, and, therefore, instructive instance of the circular gyrations, hence, contradictions that he falls into, who, seeking to remove admitted ills in modern society, acts upon the principle that economic history came to a dead stop when bourgeois society stepped upon the stage.

The objective of Mr. Rawie is the existing financial system, and well he sums up the snowball nature of its increasing evils.

For instance, having shown that gold hardly enters into circulation but is the basis for paper, Mr. Rawie proceeds to say: "This inflation of primary paper develops its secondary money payable in gold presumably, but really payable in other paper which is payable in gold, and thus the world is experiencing the most dangerous expansion of money in its history, whereby gold is being used as a reserve to convert primary and secondary credits into cash and allow other credits to be canceled with debt, and to inflate primary prices," etc., etc.

The picture is not so badly drawn. And what is the remedy?

"The supply of cash should be furnished by a volume of primary paper money superseding all other forms of money, and be made payable in government securities on demand, and so regulated that the supply of cash can be increased by paying off government securities with new money, and the government issue its securities by taking up redundant supplies of money

and cancelling them.”

Wonderful!

For government to sell government securities there must be money afloat wherewith to buy the securities—the sale of the securities, accordingly, presupposes the existence of money. But Mr. Rawie’s remedy excludes the existence of money, except the paper money primarily issued by government, and such new (secondary, tertiary, etc.) issues of paper money as the government may from time to time issue in advance for the payment of new government securities, hence—

Either the securities have gold for their foundation, in which case the same old snow ball is anew started arolling;

Or, the securities have no intrinsic value for their foundation, in which case the snowball runs to water, the water of general bankruptcy.

History did not come to a dead stop when the social conditions were evolved that gave birth to Money. History will march onward; and it is marching onward to a social order that will cast off “Money” as a healed wound casts off the scab that once protected it.

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