

**THE NEW PHILOSOPHY OF
MONEY, A PRACTICAL TREATISE
ON THE NATURE AND OFFICE OF
MONEY AND THE CORRECT
METHOD OF ITS SUPPLY**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649657162

The New Philosophy of Money, a Practical Treatise on the Nature and Office of Money and the Correct Method of Its Supply by Alfred B. Westrup

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

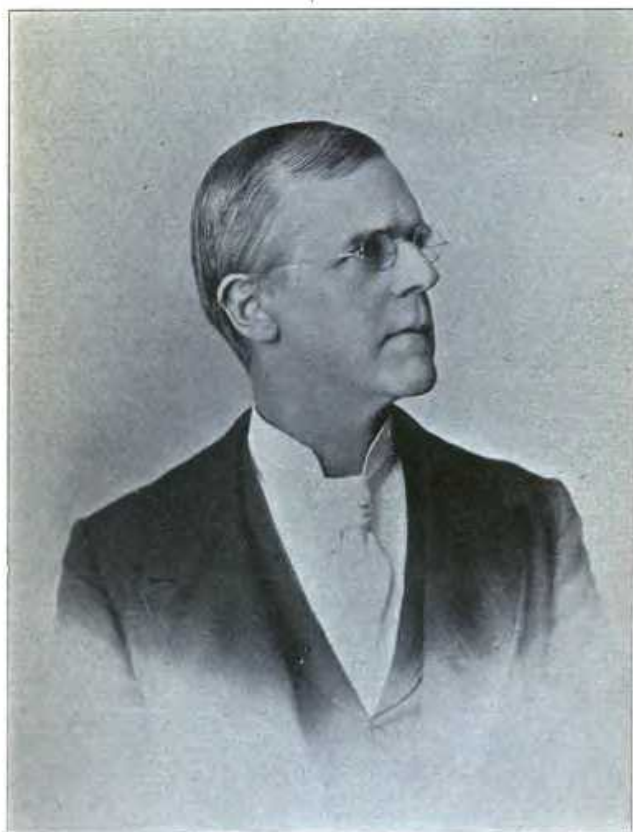
Edited by Trieste Publishing Pty Ltd.
Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

www.triestepublishing.com

ALFRED B. WESTRUP

**THE NEW PHILOSOPHY OF
MONEY, A PRACTICAL TREATISE
ON THE NATURE AND OFFICE OF
MONEY AND THE CORRECT
METHOD OF ITS SUPPLY**



Alfred B. Westrup

THE NEW PHILOSOPHY OF MONEY

A PRACTICAL TREATISE ON THE NATURE
AND OFFICE OF MONEY
AND THE CORRECT METHOD OF ITS SUPPLY

BY

ALFRED B. WESTRUP

Author of "The Financial Problem" and "Citizens' Money"

MINNEAPOLIS
F. E. LEONARD, PUBLISHER
1895

06-6-27 R.W.D

Rec'd. 10-5-27 MRP

CONTENTS.

Preface, 7

Introduction, 9
 A Synopsis of the Philosophy of Money herein presented.

General Effect of the Artificial Limit to the Volume of Money, 19
 The effect, in case facilities are provided for an abundant supply of money contrasted with that resulting from the existing artificial limit—The present money a makeshift, not the result of provision for a medium of exchange—The business people, and not money-lenders should make provision for a medium of exchange, pure and simple—Interest in such a medium is universal.

Exchange, 24
 The indispensability of money—Who should provide it—An all cash system; hence book credits abolished and bad debts avoided—The Mutual Credit System irrefutable—Will defeat all opposition.

Not Enough Money, 28
 Money being artificial, its supply can be increased—It results in a credit system that is destitute of principle—A matter of guesswork—Its supply by banks a matter of favoritism and uncertainty, engendering false pretense and defeating honesty—The relation of volume of money to prosperity, justice and morality—The supply of money—Postponing pay-day—The transferability of secured and unsecured credit—The substitution of the former for the latter.

Too Much Money, 32
 The most perfect elasticity under the Mutual Credit System—Neither too much nor too little—Inflation—The gold redemption superstition—The abandonment of all commodity money a necessity—Establishment of a credit money system indispensable to progress.

Cheap Money, 35
 A review and criticism of articles published in the "Century Magazine."

The "Per Capita" Delusion, 39
 The Treasury Report on circulation unreliable—Twenty-five dollars per capita, but only one dollar in circulation for every

sixty-six dollars of wealth—Interest of borrowers and the community not served by the per capita theory—The number of times in a year that all money must pass into the hands of capitalists and government officials, besides performing the ordinary functions of a medium of exchange.—Are they knaves or fools?

- Credit, 43
 Importance of correct definitions and their mutual acceptance
 —Several new definitions—Secured and unsecured credit
 —Advantages of the former—Credit money and commodity money—Exchanges with the latter are barter—Paper money (secured credit) better than book credits (unsecured credit)—
 The prevalence of the latter the result of sheer ignorance—
 Quotation from "Mutual Banking."
- Cost, 49
 Ruskin's definition of cost—Josiah Warren, cost and true civilization—Cost defined—Capitalism and the Mutual Credit System—Cost should be the limit of price.
- Value, 50
 Market or exchangeable value defined—Exchangeable value expressed by means of a conventional monetary unit, an abstraction—Utility value defined—Utility value without exchangeable value—Monopoly and value.
- Competition, 52
 A criticism of the "Twentieth Century's" definition—The present economic system not "the competitive system"—Legal tender a means of enslaving the people—Control of money the basis of monopoly—Defeats competition—Quotation from "Instead of a Book"—The "Twentieth Century's blunder"—Foot-note from "Special Legislation the Bane of Agriculture."
- Usury—Interest, 57
 The Bible doctrine of usury—Its iniquity susceptible of mathematical demonstration—The ethics of interest—The obtaining of something for nothing—"Great financiers" and political economists silent on this point—Quotation from "The Financial Problem"—Mr Bennett's great article on the subject—A startling calculation.
- "We Must Have Government," 64
 An unphilosophical proposition—Man's ignorance, hypocrisy and audacity—The consequent penalties—Humiliating—The beginning of wisdom—A thesis of Democracy—Philistines and foot-pads—Commentaries for paternalists and moralists—We must have government, a superstition—What does history prove?—Ignorance the cause—The Anarchistic philosophy—Opposed to the methods of force—Definitions of anarchy—Burke's dictum—Anarchists versus the abettors of the methods of force—Inexcusable perversion of fact—

The inviolability of person and property—The abolition of government, a bugaboo—The thesis—the abolition of the State—Anarchism and the bomb thrower—The money power must release its grip—Government must cease to control or regulate the issue of money—Government control only a relic of the previous royal system—Tom Moore's opinion of government—Quotation from his poem on corruption—The *Galveston News* on paternalism—Lewis H. Blair on liberty and competition in monetary affairs—American independence an Anarchistic movement—"Preserve our institutions" the real purpose of government—The *Westminster Review's* history of money panics in England—Their origin traced to the monopoly of the Bank of England.

Monopoly, 91
 Monopoly defined—Prevailing erroneous notions—Free money an effectual remedy for all monopoly and corruption.

"Measure of Value," 94
 Wanted—a champion who can successfully defend the dogma—The absurdity shown up—Not a mathematical quantity—Redemption by the "standard" method and by the Mutual Credit plan contrasted—Gold and its rival—The first time in history The affirmative position examined—The storekeeper's money—Redemption by the two methods still further considered—The function of money and that of the denominator or monetary unit separate and distinct—Controversy between the editor of the *Galveston News*, the editor of *Liberty*, Mr. Wm. B. Du Bois and the author.

Controversy with Mr. Edward Atkinson, 121

The Mutual Credit System, 138
 Illustrated by reference to mutual insurance—A danger that involves all—An unavoidable necessity—Protection that is not available in the case of paper money—Money different from, yet more important than any other instrument—No conflict of interest, hence the adaptability of the mutual plan in the supply of money—Why Greenbackers and Socialists advocate government control of money—The error pointed out—The Mutual Credit System the only practical way of carrying out the will of the people—Government methods those of brutes and savages—The best system of money will not be established by government, but in spite of it—The Mutual Credit System not devised under the supposition that all men are honest, but because they are not—A method that is not practicable—Jumping to conclusions—What diminishes burdens and adds to comfort—A provision against lack of wisdom and honesty and other difficulties—Uniformity provided for—Why the mutual plan is preferred in life insurance—For like reasons it should be used in the supply of money—Government control of money a menace to what little liberty we enjoy—A plea for the new system—The adoption of honesty as the best policy—

The borrowing of money under the new system will not be borrowing capital as under the present system; hence the ground for the justification of interest disappears.—Cost of issuing paper money.—Ex-Comptroller Hepburn's testimony on the subject.—The General Clearing-House feature.

Conclusion,	147
Inadequacy of the present medium of exchange.—The most conspicuous fact in the study of economics.—The alternative presented by the "great financiers"—They have no solution to the money question.—Criticism of the <i>Westminster Review</i> articles.—Two money panics are brought to an end in England by the issue of Exchequer Bills.—The superiority of the Mutual Credit System.—The subtreasury scheme.—Inconsistency in the statement by the <i>Westminster Review</i> .—What free trade in banking would inevitably lead to.—Prof. Francis A. Walker on bimetallism.—His position criticised.—Correspondence with Prof. Wm. W. Folwell.—Prof. Folwell criticised.—Popular fallacies considered.—Coin not acceptable as money in the settlement of foreign balances.—The origin of "wildcat" banks.—How they could have been extinguished without government control.—Loss to depositors in national banks probably greater than loss from "wildcat" banks.—A plea for liberty.—The land question subordinate to the money question.—Mr. J. K. Ingalls criticised.—The exchangeability and purchasing power of money.—The need of the hour.—Personal effort, energy and thrift unavailing.—Nothing goes but the accumulation of wealth.	
Appendix,	184
Articles of incorporation and by-laws of a Mutual Credit Association.—Explanations regarding the organization of Mutual Credit Associations and the General Clearing-House Association.	

NOTE.—The figures in parentheses throughout this work are for the purpose of calling attention to the paragraph of that number.

PREFACE.

This work is an investigation as to the nature and office of money; what constitutes the most satisfactory money, and the best method of providing for its supply. It is necessarily, therefore, an exposition of the errors and fallacies that are accountable for the prevailing unsound notions and the apparently inextricable confusion that characterize the subject, and are responsible for the existing absurd money systems.

The title, *The New Philosophy of Money*, might, perhaps, better have been formulated, *The Philosophy of Money*. Putting it in this positive form affirms that which it claims to be—the correct and only sound theory of money. A philosophy may be knowledge imperfectly understood, and contain errors, but *the* philosophy of a subject should be knowledge which has been demonstrated. It should be complete, and so formulated that all error is excluded. The *New Philosophy of Money* has been adopted as the title, for, while it is an old subject, the philosophy here presented is not only correct, but it is new.

The reader will find herein treated all the facts and theories that have a bearing on the subject, including that diplomatic phase of it called "finance."

Heretofore, the end that should have been sought—a faultless medium of exchange—has been lost sight of; and every writer who has presented a new theory of money, not to mention the old one, has become entangled with the dogmas, State supervision, "measure of value," "standard of value," and legal tender; or lost his bearings and ship-