Total No. of Subs for Issue of Oct. 13
10,050
Total Edition Last Week . . 11,000
W. U. COTTON, Editor

Cotton's Weekly

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This is No. 110 | COWANSVILLE, P. Q., CANADA, OCTOBER 20, 1910 | Sub Price 50c a Year—25c for 6 months

THE BANKS are Institutions for Dealing in the Double Distilled Abstraction of Incorporated Labor Power Congealed for Use

DEFINITIONS

With regard to the question of banking in Canada, you no doubt desire to have the question gone into thoroughly. You no doubt desire to know the functions of the banks, the powers and privileges of Canadian banks, and to discover just where the banks stand in relation to labor.

First of all, as is usual, we must get our definitions. According to the Standard Dictionary a bank is "an institution for the lending, borrowing, issuing, or caring for money" Banks may be either private or incorporated, and are of three kinds, banks of deposit, of discount, and of issue or circulation. In Canada private banks are forbidden by law, and the incorporated banks combine the three functions of deposit, discount and circulation.

Money, according to the Standard Dictionary, is "any material that by agreement serves as a common medium of exchange and measure of value in trade." Specifically money is a "standard of value and medium of payment established by law; legal tender." This is of two kinds. First, coined metal or standard currency. Second, "paper issued by a government or by a bank or banks on the authority of the government and made redeemable in standard coin."

In a wider sense money means "any notes or tokens that are currently accepted in exchange for commodities." This latter, in so far as it means private paper money, is forbidden by law in Canada.

FUNCTIONS OF MONEY

Money performs three functions. It is a standard of value, a medium of exchange and a means of payment.

Let us take money in its standardized form, gold, and analyze its three functions.

STANDARD OF VALUE—All wealth comes from labor. The value of a thing is the amount of socially necessary labor time that it has required to produce that thing. The socially necessary labor time varies for the production of various commodities. It takes more time to produce a suit of clothes than it does to produce a pair of boots. Therefore the value of a suit of clothes is more than the value of a pair of boots. The question arises, how can we measure the different labor values wrapped up in the various commodities? Society has answered that question by selecting a metal, gold, which has cost labor power to produce, which does not wear away with time, which is easily melted up and divided into different sizes. We measure all values in terms of the standardized coins of this metal. We say a suit of clothes is worth twenty dollars. We mean by this that the amount of socially necessary labor time wrapped up in the production of two ten dollar gold pieces is equal to the socially necessary labor time wrapped up in the production of a suit of clothes. When we say that a pair of shoes is worth five dollars we mean that the necessary labor time in the shoes is the same as that in a five dollar gold piece. Money, therefore, in its function of standard of values is the current mode of expressing the amount of socially necessary labor time wrapped up in the commodities produced by labor.

MEDIUM OF EXCHANGE.—In this function money facilitates the exchange of the various labor values wrapped up in the various commodities. The shoe dealer disposes of four shoes and gets the representative labor value in the shoes in the shape of ten dollar gold pieces. He goes to the tailor and transfers the labor value embodied in the two coins to the tailor and gets the equivalent labor value thereof in the shape of a suit of clothes. The shoe dealer disposed of the labor value embodied in shoes and got in exchange labor value embodied in a suit of clothes. The labor value embodied in the gold coins simply operated to facilitate the shoe merchant disposing of the use values in shoes which he did not want, for the use value in clothes which he did want. Money, as the medium of exchange, facilitates and renders possible the vast interchange of labor values wrapped up in commodities which takes place in the industrial and commercial life of Canada.

MEANS OF PAYMENT—Frequently when a person disposes of the labor values wrapped up in a commodity to another person in return for a similar amount of labor power wrapped up in some other commodity, the disposer does not get his equivalent at once. The seller sells on credit. He is to get the equivalent at some future time. Money performs the function of payment; it allows the deferred giving of labor values in the shape of labor wrapped up in coin.

A DILUTED CURRENCY.

The banks of Canada have a grip on the business of Canada. Through a cunningly arranged scheme of diluting the currency gold has been driven out of circulation and the power over the business affairs of Canada have been given to the banks.

Money performs the function of medium of exchange, or circulating medium. Section 61 of the Bank Act declares that the banks "may issue and re-issue notes payable to bearer on demand and intended FOR CIRCULATION." The bank notes must be five dollar notes or some multiple of five dollars. The banks may issue such notes to the extent of the unimpaired paid up capital of the banks. As this capital amounts to $99,199,870, the banks can issue that amount of fiat money to serve as circulating medium. The average amount of notes in circulation during last August was $81,321,439.

These promissory notes of the banks are nothing but the I. O. Us of the banks. They are nothing but promissory notes. They are not gold. They do not represent incorporated labor values. They but represent the promise of the banks to pay incorporated labor values on demand.

The banks are given the privilege of issuing fiat money, of putting one hundred million dollars into the banking business and issuing one hundred million dollars against that paid up capital. They thus are able to make one hundred million dollars swell to two hundred million dollars for business purposes.

The bank notes act as a medium of exchange. All economic students know that a circulating medium interprets the price of commodities. If there is one hundred million dollars worth of gold in circulation then the price of commodities will be interpreted in the value of the gold standard. If there is added to the circulating medium one hundred million dollars of fiat money, then the circulating medium will be doubled, prices will rise because prices will have to be interpreted, not in terms of one hundred millions of circulating medium, but in the terms of two hundred millions of circulating medium.

Under such circumstances, the gold, which represents incorporated labor power, will be driven from the function of acting as a medium of exchange and its place will be taken by the fiat money.

That is just what happened in Canada. The notes of the banks, their promises to pay, have driven gold from circulation in Canada.

You never see gold. It is all paper money. Paper money costs little to produce. It is cheaper. Consequently it drives gold out.

Thus the privileges of the banks to put out paper money has driven gold from the market and the banks of Canada have the practical monopoly of furnishing the moneys to the people of Canada. This is the power that our representatives at Ottawa have handed over to our twenty-nine banks. How would you like to be given the monopoly of the money of Canada? Would you not have a fine chance of working get-rich-quick schemes? No wonder the stock of the Bank of Montreal is worth over thirty million dollars. No wonder the other banks make money hand over fist.

MONOPOLY OF MONEY

If the banks make such a good thing at issuing their promissory notes to the people to serve as the medium of exchange, why do not other people do the same thing?

There would be good money in it. The banks lend out their notes to the people of Canada without interest, and get promissory notes from the people of Canada with interest at seven or eight per cent. Is not that a nice graft? Why do not other people try it?

The law forbids. Section 136 of the Bank Act declares;

"Every person EXCEPT A BANK TO WHICH THIS ACT APPLIES, or endorses any bill, bond, note, cheque, or other instrument, INTENDED TO CIRCULATE AS MONEY, or to be used as a SUBSTITUTE for money, for any amount whatsoever, shall incur a penalty of four hundred dollars."

You see how it works. The banks can issue paper SUBSTITUTES for money. But the ordinary man can't. If he tries it he is liable to pay four hundred dollars for every promissory note he floats which acts as money.

The bank bill is nothing but a promissory note. It does not bear interest. If a bank fails then the bank notes bear interest. Section 65 of the banks act provides that in the case of a bank failure "the notes of the bank, issued or re-issued, intended for circulation, and then in circulation, shall bear interest at the rate of five per centum per annum."

The banks have a cinch. Not only must you not make paper money, but your intention is presumed to make paper money if you do any of these things, Article 136, goes on,

"If any such instrument (bill, bond, or cheque) is made for the payment of a less sum than twenty dollars, and payable either in form or in fact thereof, or at sight, or on demand, or at less than thirty days thereafter, or is overdue, or is in any way calculated or designed for circulation, or as a substitute for money, the intention to pass the same as money SHALL BE PRESUMED, unless such instrument is:

(a) a cheque on some chartered bank paid by the maker directly to his immediate creditor; or

(b) a promissory note, bill of exchange, bond or other undertaking for the payment of money made or delivered by the maker thereof to his immediate creditor; and

(c) not designed to circulate as money or as a substitute for money.

You see what a strangle hold the banks have on the money of Canada. They are allowed to dilute the medium of exchange with their paper money until gold is driven out of circulation. Then any person not one of the twenty-nine recognized banks of Canada who issued his promise to pay for less than $20 to bearer is presumed to have intended to interfere with the monopoly of the money power granted to the banks and is liable to pay four hundred dollars for each one of his promises to pay.

The banks drive gold from the market and dilute the currency so that the value of money falls and the prices of commodities go up. In this way the money falls and the prices of commdities go up. In this way the money standard of values is not a gold standard but a paper standard. The medium of exchange is not a gold medium but a paper medium, and the current means of payment is not a gold means, but a paper means.

The medium of exchange of a nation has been handed over to twenty-nine banks. O wise legislators at Ottawa. You know what is good for the plutes.

BANKS OF DEPOSIT AND DISCOUNT

The banks of Canada, having got hold of a monopoly of the money of Canada through laws passed at Ottawa, become naturally the banks of deposit and discount or loan.

No man can keep gold and issue his promises to pay against that gold. That would be money. So to get circulating medium with which to deal, he must go to the banks. He must deposit with the banks his funds if he desires to use them. The banks, holding a monopoly of money, force the people to use the banks as banks of deposit.

Thus the banks not only issue paper money, but they receive vast sums from the people of Canada as deposits. These deposits amounted, on August 31st 1910, to $801,970,624.

How would you like to handle that amount of money? Would it feel good to you? How would you like to see how it was lent out and to whom? You little business man to whom the banks won't lend money, how would you like to have the disposal of nearly a billion dollars?

The banks get the sums from the people and lend it back to whom they like. The banks had loaned back to the people $718,241,766.

The banks get the deposits of the people without interest or with interest at three per cent. It lends the money back to the people at from seven to nine per cent. Our Canadian legislators have been very good to our financiers. They have given power over the industries of Canada to a group of banks, and no man can do business without being bled by the banks. That is nice for the banks, very nice. No wonder the bankers declare that the Bank Act should be left as it is and that no changes are wanted.

A COMBINE

The banks of Canada are a combine. There are twenty-nine of them and there is a Bankers' Association through which the banks can make rules and regulations governing them all if they want. One of the rules the banks have made is that a person cannot borrow from more than one bank. He can deposit his money with as many as he likes. But he can borrow only from one bank.

The twenty-nine banks act as a unit. The Sovereign Bank tried to fight the combination and was squeezed out of existence.

These twenty-nine banks act together when their interests dictate. But when it comes to protecting the interests of the public, the public may go hang.

Since 1865 depositors have lost $40,000,000 through bank failures. Fiat money has not always allowed the banks to go the pace and the depositors have suffered.

Not only are the banks in a legalized combine, but that combine is SECRET.

No government agent is allowed to examine the books of the banks. No public agent is allowed to say how the money shall be lent out to the people.

The people are forced to deposit their money with the banks. The people deposit $800,000,000 with the banks.

The banks have the complete say as to how those deposits shall be used, how they shall be turned back into productive enterprises.

They can lend fifty dollars to a small merchant, or they can refuse to lend him a cent and force him out of business, for the banks have the monopoly of the medium of exchange and the means of payment.

They can refuse to lend a small trader a hundred dollars and they can pour millions into the construction of railroads.

The banks of Canada own $56,000,000 of railroad bonds, debentures and stock.

The directors can lend money to themselves for their own private business.

And there is no oversight to which the dealings of the banks are subject.

Section 56 of the Bank Act declares, "The books, correspondence and funds of the bank shall, at all times, be subject to the inspection of the directors.

2. No person, who is not a director, shall be allowed to inspect the account of any person dealing with the bank."

Thus under pretence of protecting the interests of the clients of the banks, the depositors and the public are forbidden to know in what manner the banks are using the $800,000,000 of the people's money.

Do you not see great big juicy melons? Do you not see the bank directors and those on the inside having a nice time with the people's possessions? And when the banks break, the people loose their deposits. Is it any wonder the bankers want no change in the Bank Act.

We think we are governed by wise legislators. We are governed by either fools or knaves. Our law makers either do not know their business, or else they are rogues who want the people to be held up by the banks.

The banks are fine for the big labor thieves. They have the machinery with which to use the funds of all the people in their own interests. But the banks are hard on the little labor thieves, who are being crushed out of business.

EXTINCTION OF BANK CHARTERS

A peculiar thing about the bank charters is that they all expire on July 1st, 1911. This is declared in section 4 of the Bank Act. So if new charters are not granted the banks would all have to go out of business. One would naturally suppose that the representatives of the people would hasten to avail themselves of this opportunity and give back to the people the power over the Canadian medium of exchange.

But nothing like that will take place. The banks have too soft a snap. The banks are drawing such nice revenues for the labor thieves that the representatives of the people will hasten to give back to the banks their graft.

There are numerous senators and members of parliament on the directorates of the banks. The Bank of Commerce with ten millions of capital and deposits of $100,000,000 of the people's money, has three senators on its directorate, Cox, Jones and Edwards. Senator Geo. A. Cox is or was until recently, President of the Canada Life Assurance Co., Western Assurance Co., British American Assurance Co., Western Loan and Savings Co., and the Toronto Savings and Loan Co., as well as being a director of The National Trust Co., Can. Gen. Electric Co., The Dominion Iron and Steel Co., the Toronto Railway Co., and the Grand Trunk Pacific Railway. Senator L. Melvin Jones is, or was until recently, Pres. and Gen.- Man. of the Massey-Harris Co., Pres. Bain Wagon Co., director Verity Plow Co., Nova Scotia Steel and Coal Co.

The Bank of Hamilton has Senator Wm. Gibson on its directorate. Gibson is, or was until recently Pres. of the Hamilton Gas Light Co., the Keewatin Power Co.; director of the Canada Screw Co., the Canadian Life Assurance Co., and of the Hamilton Provident and Loan Society.

The Imperial Bank of Canada has Senator Robert Jaffray as Vice-Pres. This senator is director of numerous railways, insurance companies, land corporations and other enterprises. He is Pres. of the Globe Publishing Co., which publishes the Toronto Globe.

It would make too long a story to go into all the affiliations of senators and members and provincial politicians with the banks, and to describe the other activities of these politicians in the industrial affairs of Canada. The Banque d'Hochelaga has as Vice-Pres. Robert Bickerdike, M. P. The Montreal Bank had as its president until his death, Sir Geo. E. Drummond. It also had as director Senator Robert Mackay. The Bank of Nova Scotia has R. L. Borden as a director. The Northern Bank has Premier Roblin of Manitoba as director.

Do you think these senators and M. P's will allow the banks to be shut out into the cold? If you think such a thing then you do not know modern business.

We can safely bet on the banks being given back their privileges.

TO YOU WORKING MEN

You wage slaves of Canada. Have you read through the editorials that have preceded? Have you got provoked against the banks? Have you felt yourself getting indignant? Come out of it. Cool down. Don't get mad. As long as you are wage slaves you will be robbed. It does not matter to you whether the banks get the surplus values stolen from you or whether the manufacturers get them.

As long as you are wage slaves you will produce and the masters will own. You will work for a bare living and the masters will take what you produce. Your problem is not the robbery by the banks. Your problem is the robbery of the workers. The banks plunder your plunderers. Your employers rob you and get robbed by the banks. It does not interest you whether your plunderers stop the graft of the banks on them. What interests you is to stop the graft practised on you.

Suppose we had a gold currency instead of a paper currency? Would you wage slaves own the gold that would go into currency? Not at all. You would mine it and your masters would own it. If the interest charges of the banks were cut down and there were less interest to pay, would you be any better off? Not at all. Your masters would have fewer burdens to bear and their immediate profits would be just that much greater.

The little merchant, the small business man, these are the ones who are hit by the banks. But such creatures are doomed to extinction. The exactions of the banks but hasten a process which was inevitable in itself. The dying petty traders moan against the banks. The big labor thieves rejoice in their hold upon the banks.

Do you know what you workers should do to free yourselves from your wage slavery? Organize for the capture of the political and economic power. Organize to capture the ownership and control of the means of production and distribution. Capture the mills where shoes are made. Capture the mines where coal is produced. Unite for the expropriation of your expropriators. When you capture the power then you will own the mills, mines, etc. When you own these you will own the things produced therein. You will own the products which represent incorporated labor power. Then the banks will go out of business. FOR THE BANKS ARE INSTITUTIONS FOR DEALING IN THE DOUBLE DISTILLED ABSTRACTION OF INCORPORATED LABOR POWER CONGEALED FOR USE. The banks deal in paper promises to pay a medium of exchange useful to facilitate the interchange of incorporated labor values. In other words, gold represents the labor values of commodities. The paper represents the gold. And the banks deal in paper. When, therefore, the working class get control of the commodities they have produced, the paper promises of the banks to pay gold will be worthless because gold will no longer control commodities. The banks will just disappear like soap bubbles.

Get wise to your own interests, and organize yourselves to capture the political power and run industry.

THE ONLY REMEDY

The recent strike of the Illinois miners cost the United Mine Workers the sum of $1,800,000. It cost the mine owners $13,000,000. The bosses were hit harder than were the men.

At Springhill, N. S., the strike is hurting the Cumberland Company. The Springhill Company is a small company and may be put out of business by the strike.

When the Conciliation Board met in 1909 the company submitted statements which tended to show that they could not get sales for their coal. The market was failing them.

Now the Amherst News declares that the 90,000 tons of coal which the Springhill mines used to mine yearly for the C. P. R. is now being mined by the Dominion Coal Co., and that the Dominion Coal Co., has the contract for three years.

The owners of the Springhill mines of course think that the difficulty they are in to find a market for their coal should make the men willing to work on small pay in order to "get work."

The miners do not see it in that light. They want enough wages to feed clothe and shelter themselves and families on.

Moreover the 90,000 tons of coal are being mined by miners and is "giving work" to miners.

The real trouble is that the possibility of production is so vast that capitalism will not allow all the workers to work. Capitalism produces an army of unemployed.

The only remedy to end labor wars, to prevent unemployment, and to allow each man to get all he is worth is the coming of Socialism under which the workers will organize industry for their own benefit.

The Canadian governments are going in for technical education of wage slaves. This renders the wage slaves more intelligent and more capable of fighting their own battles. But the capitalist class of any nation that relies on less productive labor than the capitalists of other nations, loses out in the world scramble for markets. Consequently the capitalist class of each nation must hustle on the work of technical education of the wage slaves which will eventually put the plutes out of business. The present necessity of the capitalist class forces them to dig their own graves.

In Schenectady, N. Y., the Edison General Electric Company has installed a machine for making screws that does the work of sixty skilled mechanics. The privately owned machine turns the wage worker into a jobless tramp. The Socializarion of the machine will place the worker in a position of affiuence.

Quite a number of British Lords are selling their estates in Great Britain and buying large tracts of land in Canada. The British land parasites find their hold on British land being pried loose and they flock to Canada to dig their blood suckers into Canadians.