the issue for Oct. 10, 1908, to say that "Banking laws do not affect the working class." Why? Because, he says, "Not one member of the working class in 100,000 has any money to deposit in banks." That attitude to banking legislation shows how entirely astray from the truth, in regard to money, is the position of the average Socialist.

One great purpose of the writer of these articles is to correct the position of Karl Marx and all Socialists who assert that "money is an equivalent" in value for labor products; also to deny point blank the position taken by Socialists, in common with "orthodox" political economists, that "money is a measure of values," in the capitalist system.

The purpose of the writer of these artices, further, is to correct the position taken (as above quoted) by the editor of the "Weekly People" that "banking laws do not concern the working class." I assert that no laws more vitally concern the working class than bank note legislation does; and no intelligent presentation of economic law in this department has been given to the working class. **I emphatically deny Edward Aveling's statement that "money is a fixed weight of metal."** Bank notes are money, and in Canada 95 per cent. of this currency used for the wage fund has no metal at all behind it.

A dollar is a fixed weight of gold metal; certainly, that is true.

A paper promise to pay a metal dollar on demand is, however, by no means a fixed weight of metal; nor is a paper promise to pay a metal dollar on demand a commodity that can function as a measure of value, in the same way that a fixed weight of metal can function as a measure of value in circulation. (See Footnote *.)

It is here that our otherwise dry and uninteresting subject becomes an issue of vital importance.

Canada's paper currency, so far as the note issues of her Chartered Banks is concerned, is neither metal nor secured by metal in reserve. Such a currency, departing as it does from the labor cost quality of the standard monetary unit, utterly destroys the ability of money to measure values, because, under such a system, money does not at all times, and in all places represent the "equivalent" labor cost of either gold, or silver, or copper, or paper. It is a fraud, and a danger to the state, producing labor unrest.

It varies not only in the quality of its substance, but also varies as an embodiment of labor-time within its own "person."

Just as a counterfeit dollar can function in circulation, so do these paper promises called Chartered Bank notes, function in circulation to secure legal title to wealth in the form of services or labor products. That is the whole point at issue, the securing something for nothing, on a large scale, from the working class; thus fomenting REVOLUTION through the effect of counterfeit money on prices.

(Reprint from London "Advertiser" Nov., 20th 1912)

CORRESPONDENCE

To the Editor of The "Advertiser:"

Your editorial of Nov. 16, 1912, on "The Cost of Living" refers to Prof. M. A. McKenzie's report on the findings of a sub-committee appointed by the Toronto Board of Trade to investigate the causes of this trouble.

The first among the principal causes for high prices submitted by Prof. McKenzie is stated as "the great increase in the production of gold. . . magnified by economy in the use of gold on the part of the bankers and other manufacturers of credit money."

Permit me to refer to that sentence as **a genteel reference to the manufacture and systematized circulation of counterfeit money.** It is quite certain that if an increase in gold will cause a rise in prices; so also must, act on prices, any currency in circulation for payment of wages, which does the work of gold, and drives gold out of the local market (re Gresham's law).

That is the fact in regard to our **chartered bank notes issued to manufacturers for payment of wages in Canada.**

Only 5 cents on the dollar is paid by Canadian chartered banks for such currency; but 100 cents on the dollar in labor, time, value, is assigned by our manufacturers to our Canadian banks in exchange for this currency.

Every cent of the face value of these notes goes into the cost price of labor products put on the markets of Canada to raise the cost of living. The economic effect on prices is precisely the same as if $100,000,000 of "green goods" or "phoney" money was systematically floated on the public by the members of the Canadian Manufacturers' Association, as agents for counterfeiters.

The same thing is going on in Russia and in Japan.

This finance iniquity operates to force wage-workers and their employers into violent collision through rising prices, forcing strikes by destroying the value of wages.

It would pay our manufacturers to learn the truth about the measure of value in regard to bank notes passed off on manufacturers at 100 cents on the dollar for wages, etc., not backed by gold.

Gold is not a measure of value, but gold is in itself an embodiment of labor, which is the measure of value. Dominion notes, backed by gold deposits in the Dominion treasury, are the same in circulation as gold, simply because they represent the labor time embodied in the gold.

When a manufacturer receives a thousand dollars' worth of Dominion notes from a bank to pay wages with, the banker takes in exchange from the manufacturer an assignment of labor-produced property, but what does the working class get? The manufacturer, of course, takes the wise precaution to part with none of these same Dominion notes until he gets labor time products from his employees in exchange for them. All such exchanges are on a basis of value for value in labor time, and prices of the manufacturer's commodities are expressed in the terms of Dominion notes (or gold) at 100 cents on the dollar, the working class has to pay for its own product at that price.

There is no such relationship as equivalent labor cost in regard to either gold or labor time, when it comes to circulating our Canadian chartered bank notes, these are not Dominion notes.

This is no joke or fancy pipe dream, it is the most tragic truth in the world of finance and industrial economics; and it means a heap of trouble ahead.

Let Canadians who love Canada watch the proposals of the Finance Minister at the coming revision of the Bank Act in regard to weakening the gold reserves at Ottawa.

London, Ontario, HENRY B. ASHPLANT.
November 20th, 1912.

(The significance of the above article lies in the fact that Gold reserves at Ottawa, as with every belligerent state in the world-war, have been seriously weakened since 1912 in relation to the volume of paper liability since issued; while 1919 prices of commodities with labor unrest, and general market conditions certify to-day to the correctness of Mr. Ashplant's economic analysis in 1912).

*You cannot increase the units of gold coin either in circulation or in reserve, except by an equivalent increase in units of effort or labor time in relative proportion expended in gold production. It is otherwise with paper, its purchasing power can be increased "ad infinitum" from $1 to $5, to $10 or $100 to $5,000 by Printers' Ink. The effect on goods and prices being disastrous to the wage-workers, and very **"profitable"** to the capitalist. (H. B. A.)

N.B.—All citizens are vitally interested in the solution of problems treated in above articles. Copies of this leaflet can be secured from the Author at $1.50 per 100, or 10 copies for 25c. Address Henry B. Ashplant, London, Ontario, Canada.

(Write to the "Labor Gazette," Ottawa, Ont., for a copy of Mr. H. B. Ashplant's evidence, at the London sitting of the **Royal Commission on Industrial Unrest**, in May, 1919).