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Laurance Labadie
Money and Your Freedom
1962

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Money and Your Freedom

Laurance Labadie

1962

Dear Ron and Laura:

Don has been East for a while and dropped in last night. Among other things he brought me up to date on your thinking and plants. I knew that my blast, when I was out to see you, would upset you. But I thought [it] worth while if you could be prevented from getting deeper into the economic rat race. Don showed me recent letters to and from you, and I noted you wanted to do more thinking about it.

I'm willing to do this, but first I'd like to restate your predicament as I see it. You're in for a tough time either way—if you stay in and bend to the status quo, or if you observe your scruples and step outside of it. If you keep on “playing the game,” taking advantage of certain expedients (government and otherwise), you might maintain a good income. But it will come, directly or indirectly, from rent and interest. It would be as if you were in a circle of persons each of whom filches from his nearest neighbor. If they all filched in equal amounts it would be the same as if they had not robbed in the first place. But in our system, the rules are such that the filching is unequal. So it is tough for those who come out short—and it's tougher on those who don't like the filching.

Now you don't want to be an exploiter, and you don't want to be a part of the military system. So you're going to have a pretty difficult time trying to make a living. I repeat that no one person is to blame for the prevailing mess. It is our present institutional forms and methods which are at fault. The *inherent* injustices of modern coercive institutions is what traps everyone into earning their living in ways and for purposes which any sane and intelligent person would consider nonsensical if not indeed immoral.

So I'm interested in your present goal of an intentional community where libertarian ideas might be practiced. As you can guess, I think this would be only a drop in the bucket in comparison to the widespread need for libertarian reform. But at least it is a step in the right direction, and if you can achieve it, it will give you a good environment—and it may encourage others to go and do likewise. As you know, I consider what is called the 'money' problem very basic to liberty so I'll be glad to sketch here the issue as I see it.

Let us assume that in your hypothetical "city set upon a hill" each individual and each family is now in equitable possession of their portion of land. Now each produces what he wishes in goods like corn, potatoes, wood, fruit, herbs; or in service like carpentry, architecture, midwifery, teaching or psychological counselling. How will they equitably exchange their time and energy?

You see, of course, that all commodities result from applying human energy to land. Corn, potatoes, wood and fruit are different from land in that they are the result of applying energy to land. The products actually cost various amounts and quantities of *human energy*. If, instead of producing from the land, some person chooses to process or transport some product—or supply other needed services to the community—he is merely offering his labor to others more directly, without first mixing it with the land. But since he must have these essential labor products (corn, potatoes, wood, fruit, etc.) his services really represent, for him, some portion of those concrete products. You see then how both goods and

reference. It is described in his Natural Economic Order, available from the Free Economy Association, 2618 East 54th St. Huntington Park, California. My own concept of freedom in banking, based on Proudhon's ideas, is in *Property and Trustery*, from the School of Living. I hope you can sometime locate a small book by Charles Dana, once editor of *The New York Sun*, called *Proudhon's Bank of the People*.

I will try to answer any questions you'd like to send on, and I certainly want to keep in touch with you. Remember I am your friend,

Larry Labadie

uine progress in human affairs is identical with the tendency to individualize.” In this way a group of persons may “barter” not for profit but merely to exchange the labor represented in the goods and services.

This is all too brief a statement of this immensely important “public” problem, which has been exposed many times, but about which most people today are unaware or very confused. Two older books will help you see how the present system developed: Delmar’s *History of Monetary Systems* and *Other People’s Money* by former Associate Justice Brandeis. David T. Bazelon describes today’s frightful and frightening mess in *The Paper Economy* (1959, Random House).

For more traditional answers most people today are looking to Government to issue and control circulating medium. Some feel that our complex industrial system calls for the government to print money. Just print it in amounts to equal and match the inexhaustible wealth which our corporate and cybernated technology can turn out. With this they could provide every person a government-guaranteed income, regardless of whether or not he worked. This contented-cow philosophy resting on government planning and support is unpalatable to one of my individualist-anarchistic leanings. And don’t be afraid of that word, anarchism. Individualist anarchism is an American product—from the thinking of Lysander Spooner, Josiah Warren, Stephen Pearl Andrews, and notably Benjamin Tucker. Dr. James Martin describes and discusses them in his book, *Men Against The State*. These men proposed and developed an economics based on contract and voluntary association in which each person could grow and mature by getting the consequences of his own acts. Individualist anarchists see that a truly free society has to start with free and equal access to land and credit, with labor-created products held as private property.

Silvio Gesell, a successful business man in Europe and South America, developed and put into practice in the early 1900s, a combined land and money system in a generally libertarian frame of

services are really extensions of the human beings who produce them.

Let us suppose that you will find producing exotic herbs and teaching music express your personality—or meet your needs. Therefore, how you exchange your herbs or your music with others is very important to you. If in the exchange you get something that you do not want, your goals are not achieved. The opportunity to bargain on terms that satisfy both you and the other, or others, with whom you exchange, is important to all parties in the transaction. No party involved in this exchange can do as well as you who are. No if ‘exploitation’ is built into a method of exchange, you can see how it will distort freedom and equity. Let us look at some different patterns or methods of exchange.

You said in a letter to Don that you liked to go into a modern market and buy what you want. With your money you are making your own choices to suit your needs, and with your purchases you are voting for those products and encouraging some producer and transporter to continue his work. You are really cooperating with them which is good, even though you don’t know them. This is possible because of money. Money is a very great invention. It becomes a tool by which we choose how we want to achieve our goals.

But as you know, today money has some exploitive aspects. I remember pointing out during our memorable visit that in our present money system, only a certain group has the legal privilege of issuing money and because of this they can control the supply and issue it on *their* terms—at an interest rate which benefits them and exploits others. They really loan money into existence on debt. Their money does not actually represent specific goods, and this causes inflation, or the lowering of the value of money. In addition, as I said to you earlier, the interest charged to marginal borrowers helps set the price for all goods, and so raises the price of everything you and others buy. Banks may loan out eight and

ten times more than is in their savings deposits, at rates higher than they pay their depositors, so it becomes a very lucrative practice for the bankers. These and other maladjustments are possible because banking is a legal monopoly. The monopoly feature of money injects enough negative aspects to counteract the advantages of convenience and selectivity in the market which money gives you.

Many people, very understandably, want to eradicate the monopoly feature. Some try to lessen the effect on themselves of a monopoly money system by reducing the amount of money they use. The Labor Gift Plan, #2207, 150 Nassau St., New York City, is such a plan. Some people set up a productive homestead and produce, instead of buying, many of their services and most of their food. To the extent that they can do this enjoyably, they are very wise. Other people are reviving the habit of bartering commodity for commodity or service for commodity. I know several people who pay their doctor's bill in landscaping, or, who tutor a child in return for butter and eggs. But barter is very clumsy and time consuming in a complex society. Other people want no exchange system at all. They put no evaluation on their labor or labor products. This often occurs in the communities of total sharing where everyone works as he is able; produces what he can, contributes to the pool and takes out of the total product what he needs. The difficulty here is in deciding what each one needs and who shall make the decision. If each person makes it, I do not see that they have improved over some kind of face to face bargaining. If a third party makes it, an element of arbitrariness and authoritarianism comes into the picture.

As I see it, in this common pool, or 'producing as they are able and taking what one needs,' everyone's affairs are combined instead of individualized. Some persons may thus become involved beyond their wishes in getting the consequences of another person's action, or their failure to act. In such a system, a person may be protected from the consequences of his acts and so be removed

from the reality which could help him to mature and become more responsible.

A third general type of exchange can be called complex barter.

A recent development in this group is Banks of Interchange in which participating members do not use money. A member ostensibly "gives" an object to another. Instead of selling it for money he accepts a receipt from the "buyer" for an agreed value, and deposits this receipt with the bank of interchange. He thus builds up a book-keeping credit against which he can do business with others—issue receipts for goods he gets from others in the system. The School of living can give information on this.

In an older form of complex barter, an exchange medium called scrip is issued. This is a piece of metal or paper which represents (i.e., is based on and can be redeemed in) some actual stable product which is widely acceptable and used. Scrip is much like a gift certificate. A person has a certificate for a gift in a certain store. He doesn't care for this item, so he can exchange his gift certificate with someone who does want it. Scrip is a gift certificate which has some general acceptance. It is like the title to our house or car. Obviously we cannot carry the objects around, but we can carry titles to them in our pockets and in exchanging titles, we exchange the goods.

A Voluntary Exchange Association could help put this kind of exchange medium into practice. It could issue scrip on acceptable goods as generalized titles to actual products, thus, a group of people within an area could make equitable exchanges. They would have the convenience of an acceptable money medium with which to make selections in the quantity and quality of goods and services they wanted. It would give the kind of freedom in bargaining you like, and yet provide fairness for all concerned in the exchange. Such a medium of exchange would permit the infinite individuality among men. As Stephen Pearl Andrews said "it would result in the equal sovereignty of each individual in that the consequences of one's actions would be assumed by himself. . . . The law of gen-