

Foxhall A. Parker's Thoughts on Money

"ALL of our currency should be issued against the total natural resources of our nation and the taxing power of the government. We do not necessarily need a metal monetary basis in the concrete for our currency system." This was the basic contention of Foxhall A. Parker in his speech at the recent Henry George International Conference.

His suggestion is reminiscent of the currency issued during the French Revolution. Andrew D. White in his classic, "Fiat Money Inflation in France" points out that in April, 1790 the French government issued four hundred million livres in paper money based on confiscated property of the church as its security. This property represented between one-fourth and one-third of the real property of the nation and amounted in value to at least two thousand million livres. Therefore, it was argued that this land provided a solid basis for the currency as the paper-money amounted to a "mortgage on productive real estate of vastly greater value than the issue."

The French expected to print only the original amount but within five months of its issue demands were made for more paper money, and in September, 1790 the government authorized the issuance of an additional eight hundred million new assignats. Within six years the revolutionary government of France had issued forty-five thousand millions of francs, the purchasing power of which was practically nothing.

Mr. Parker is well aware that governments have issued currency which has greatly depreciated, but he believes this has been due to some provision such "as that it wasn't good and payable on the public debt." He feels

that under his proposal "the currency could never be inflated or deflated unless issued far in excess of production and consumption at the time."

The French assignats were used not only to pay off the public debt but provided the means for the government to pay for goods and services it purchased and, therefore, were issued in astronomical amounts.

Mr. Parker points out that "the change-over from the gold standard to a 'managed' currency (public debt currency) has been accomplished bit by bit without the general public being aware of any difference." He believes that to "issue our currency directly by the government against the wealth, the credit and taxing powers of the government" would mean "such a currency so issued is not only backed by gold and silver but all the metals (in the abstract) and all the natural opportunities including atomic energy."

He does not believe that this is a fiat currency although he recognizes that some people might term it so. Were Mr. White alive he probably would be one of those disagreeing with Mr. Parker for Mr. White was not impressed with the argument of one of the members of the French national committee. This revolutionary had proclaimed "the earth is the source of value; you cannot distribute the earth in a circulating value, but this paper becomes representative of that value, and it is evident that the creditors of the nation will not be injured by taking it." Instead, White believed in the dictum which Mirabeau, the hero of the French revolution, had stated in 1789 that paper money is "a nursery of tyranny, corruption and delusion; a veritable debauch of authority in delirium."

—O. B. Johannsen