

MONETARY SCIENCE.

Ideas of Great Thinkers Concerning the Nature and Use of Money.

AN "IMAGINARY UNIT" OF VALUE

Mr. George C. Ward Writes Another Letter in Which He Enlarges on The Definition of Money.

Monetary Science.

I am in receipt of the issue of your able and valuable paper containing my communication under the caption "Monetary science," and note the fact that you do me the honor to criticize my views. This is an eminently proper course to pursue, as it is only by free, fair and thorough agitation and discussion that we can hope to arrive at an answer to Pilate's question, "What is Truth?" Remembering that it is the truth that makes men free.

You say: "I. Mr. Ward and others who undertake to write scientifically on money, ought to formulate one clear and comprehensive definition of money and stand by it. Instead of doing this Mr. Ward defines money, first, as 'a medium of exchange,' then as 'a tool for the liquidation of debts,' next as 'a certificate that the holder has performed certain labor' and lastly as 'an agreement upon the part of the people, severally and collectively, to receive such money in the payment of all debts.' Now all these propositions may be compatible with one another. But they constitute a mixture of definition and illustration, which tends to confuse the mind rather than elucidate the subject."

In answer, I say that money is a complex utility, possessing many attributes and performing a variety of services. It would be almost impossible to "formulate one clear and comprehensive definition of money," which did not include and embrace all (and more than) the definitions I have attempted to formulate.

From a pamphlet I have on hand I will clip authoritative definitions tending to support each one of my propositions.

First. "A medium of exchange." McLeod, Elements of Banking, chapter I, says:

When persons take a piece of money in exchange for services, or products, they can neither eat it, nor drink it, nor clothe themselves with it. The only reason why they take it is, because they believe they can exchange it away whenever they please for other things which they require.

John Locke, in "Considerations," etc., regarding money, published in 1691, says:

Mankind, having covenanted to put an imaginary value upon gold and silver, by reason of their durability, scarcity, and not being very liable to be counterfeited, have made them, by general consent, the common pledges, whereby men are assured, in exchange for them, to receive equally valuable things to those they parted with, for any quantity of those metals; by which means it comes to pass that the intrinsic value regarded in those metals, made the common barter, is nothing but the quantity which men give or receive for them; they having, as money no other value but as pledge to procure what one wants or desires.

Note the words "imaginary value." Appleton's Cyclopaedia, defining money, says:

Anything which freely circulates from hand to hand, as a common acceptable medium of exchange in any country, is in such country money, even though it ceases to be such, or to possess any value in passing into another country. In a word, an article is determined to be money by reason of the performance by it of certain functions, without regard to its form or substance.

Second. "A tool for the liquidation of debts."

Frost, Francis A. Walker, says:

Money is that which passes freely from hand to hand throughout the community, in final discharge of debts and full payment for commodities, being accepted equally without reference to the character or credit of the person who offers it, and without the intention of the person who receives it, to enjoy it, or apply it to any other use than, in turn, to tender it to others in discharge of debts or payment for commodities.

Covering both propositions; Senator John P. Jones of Nevada, says:

"The money of a country is that thing, whatever it may be, which is commonly accepted in exchange for labor or property and in payment of debts, whether so accepted by force of law, or by universal consent. Its value does not arise from the intrinsic qualities which the material of which it is made may possess, but depends entirely upon the extrinsic qualities which law, or general consent, may confer.

Third. "A certificate that the holder has performed certain labors." John Stuart Mills, says:

The pounds or shillings which a person receives are a sort of a ticket or order which he can present for payment at any shop he pleases, and which entitles him to receive a certain value of any commodity that he makes choice of.

Henry Thornton, in his work on Paper Credit, says:

Money of every kind is an order for goods. It is so considered by the laborer, when he receives it, and it is almost instantly turned into money's worth. It is merely the instrument by which the purchasable stock of the country is distributed with convenience and advantage among the several members of the community.

rendered to society, value received and stated, proved and measured by that which is on me.

Fourth: "An agreement on the part of a people, severally and collectively, to receive such money in the payment of all debts."

In reference to this, I will say that the essence of "legal tender," is such an agreement, expressed in the form of statutory enactment.

I will endeavor to more clearly express my ideas concerning the "imaginary unit," which you consider may operate as a bugaboo to confuse and frighten away.

Let me first quote some authorities who, I apprehend, possessed some "advanced ideas."

The great philosopher, Bishop Berkeley, one of the most acute reasoners, that modern times have produced, in the "Querist," published in 1810, propounds the following pertinent and suggestive questions:

"Whether the terms 'crown' 'livre,' 'pound sterling,' etc., are now to be considered as exponents, or denominations? And whether gold, silver, and paper are not tickets or counters for reckoning, recording, or transferring such denominations? Whether, the denomination being retained, although the bullion were gone, things might not nevertheless be rated, bought and sold, industry promoted and a circulation of commerce obtained?"

This is nothing more or less, than a scholarly plea for the absolute or fiat unit of account, he called a "erown" "livre," "pound sterling," or a dollar. It means a paper counter, devoid of commercial value and agreeing with Aristotle's definition of money:

Money by itself * * * has value only by law, and not by nature; so that a change of convention between those who use it is sufficient to deprive it of all its value and power to satisfy all our wants.

Commenting upon the foregoing paragraphs, I would simply ask: What is the difference between gold, silver, and paper, were gold and silver utterly devoid of all commercial value?

Money is not a "measure of values" in the commonly accepted meaning of that term, but if it was it would be a legal, not a natural measure; hence any value it might possess as such measure would be legal and not "real." Money may be said to differentiate values, as numbers differentiate quantities, amounts and sums. The terms indicator or numerator more clearly convey an idea of the province of money as relates to values. Articles possessing value, such as goods, merchandise and commodities, are differentiated in value not by comparing them with each other, and money does but indicate the differences in value that exist between such articles.

The dollar and its value are idealities and would exist as affirmatively without a material embodiment as with it. We may say by our laws that so many grains of gold or silver shall constitute one dollar; but we are powerless to arbitrarily determine the value of the dollar, such value being dependent upon the number of units in circulation and the volume of valuable commodities offered for exchange, and, to some extent, the whims and caprices of individuals. For, after all, value is but the measure of the desire of individuals to possess certain objects or articles, while the ideal unit of value will just as surely measure such desires as do the ideal Roman numerals measure and differentiate numbers. And who would favor the material embodiment of the Roman numerals, (our figures) in some certain, but varying qualities of material commodities?

Even now, so far as is concerned the fulfillment of its promise of material value, our monetary unit is a "barren ideality." We have, perhaps, as much as \$800,000,000 of gold and silver in the United States, used as money because no one wishes to use it for anything else. This in the face of domestic exchanges aggregating annually \$160,000,000,000, ninety-five per cent of them made through the medium of private checks and bank drafts. If the holders of one half of one per cent of these commodities should demand gold and silver to hoard, or to use in the arts, we should no longer have a "metallic base" for the checks and drafts with which the bulk of our exchanges are now effected, but would have to fall back upon the "ideal" unit of account.

And why should not all our exchange values be differentiated with an ideal unit? Not one in a hundred knows or cares how much bullion there is contained in a gold or silver dollar.

Jevon's "Money and Exchanges," chapter 8, says:

Those who use coins in ordinary business need never inquire how much metal they contain. Probably not one person in two thousand in this kingdom knows, or need know, that a sovereign contains 123,27447 grains of standard gold.

Money is made to go. People want coin, not to keep in their own pockets, but to pass into their neighbors' pocket.

Practically our people, except the money mongers, regard and use the monetary unit as the supreme court has designated it: "An ideal thing." The "specie basis and intrinsic value" fails simply rob the people for the enrichment of money monopolists.

GEORGE C. WARD.

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Upon the Delphic leaves Of this prophetic book Whoever will may look: No eye but mine perceives What gladdens there, or grieves, Nor why the peace of years Is wrought with hopes and fears, Many will read the words, But none will understand The meaning, though the birds Fly up and down the land, And wooing, learn and teach That universal speech. You know it not, and I Only so much thereof As signifies I love— But not the reason why. —R. H. Stoddard.

IN THE FURROW.

When the new minister arose in his pulpit and announced his text, the congregation settled themselves in the pews with an air of satisfaction. They were confident that they were about to listen to a fine sermon, and they were not to be disappointed. They admired and esteemed the Rev. Thomas Moulton, who had come to them from a country parish which his liberal views and talents had outgrown. Modest and sincere, the young man appealed to his hearers not by means of the sensational and brilliant, if not vulgar, eloquence which is nowadays affected by a certain class of much-talked-of clergymen, but by his good sense and by the simple beauty of his thoughts. In thundering oratorical power he was deficient, but his voice was clear and pleasant, his manner was earnest and pleasing. When he addressed an audience he won their confidence, and they believed him to be what he was, a thorough gentleman, a man cherishing high ideals and sympathizing warmly with the trials of his fellow-men.

The Rev. Mr. Moulton was unusually happy in the sermon to which particular reference has been made. He spoke feelingly in behalf of the thousands who are the victims of an unhappy environment, who are prevented by thwarting circumstances from attaining those places in society in which their naturally high qualities of mind could best flourish. There was a strange inequality in life. Choice gifts and excellent opportunities often fell to the lot of dull and ignorant persons who failed to use them properly; on the contrary, these good things were as frequently unaccountably withheld from those to whom they were admirably adapted.

Nevertheless, a gradual improvement in the environment of the masses was accompanied by a like improvement in the people themselves. Therefore the fact that they were so largely wonted to their present condition did not excuse the more fortunate from ceasing their endeavors to elevate them. The millions deserved attention, but inasmuch as they did not suffer acutely, and in many instances were happier than were people above them, it was not necessary to lie awake nights for the purpose of devising plans in their behalf. But in the same environments with the millions were thousands of superior people who were the great sufferers, and who deserved speedy and generous aid and sympathy. They were daily and vainly making desperate efforts to overcome the circumstances that thwarted them. They were fitted for something better and they longed to attain it, but there was some lack, either of health, of money, of energy or of something else which prevented them from escaping from their unfavorable surroundings. Only the strongest and best equipped, unaided, surmounted greatest obstacles. Yet there were hundreds of others not less worthy, although less able, who, if they should receive timely assistance, could climb the heights that now discourage them. Strange to say, the last mentioned class, although they deserved the most attention, received the least. The unpromising poor were pitied and given alms and the successful great were lauded. But those who were gravely but ineffectually struggling against adverse circumstances were coolly ignored. It was the much and undeservedly neglected class, the noble unfortunate, whose claims for sympathetic aid from the Christian world were greater than those of any other portion of humanity, not excepting the heathen.

To elucidate his subject in a manner as effective as possible, the preacher employed several illustrations. One of them, briefly outlined, was as follows:

One day a farmer, while walking over a freshly plowed field, espied something which glittered. He bent down and picked up a diamond ring. There were spots of dry mud on the rim, and the once clean ornament looked neglected and weatherbeaten.

A few years before the farmer found it, it had been lost by a rich city woman during a rural ramble. The farmer took the ring home, washed it, burnished it, and then it looked as beautiful as when it was new. He restored it to the owner and she wore it again.

Thus was it returned to its proper place, where it could fulfill the purpose for which it was made, viz., to be an ornament, to be a thing of beauty for the admiration of all observers. But had the farmer not chanced to go by, or had he mistaken the diamond in the ring for a shining bit of quartz, and been too indifferent to make an examination, the ring would have remained in the furrow, it would have been left to its obscure fate. Soon it would have been covered with earth and rubbish, and would have continued in the wrong place forever.

The speaker next proceeded to an analogy. He contrasted the story of the ring with the story of a poor girl. Her parents were refined and intelligent, she herself was refined and sensitive, her earliest years were

passed in comfort, and in surroundings suited to her tastes. But when she was 14 years old, her parents died, she was left destitute, there were no near relatives to take care of her, and she was obliged to go to work in a factory in order to support herself. The other girls in the factory were commonplace, not a few of them were vulgar, and some were vicious. The best ones were good hearted, but they did not understand their proud and sensitive companion, who did not readily mingle in their conversation and amusements. The girl was unhappy; she could not be otherwise in such circumstances, and yet she was too weak and too friendless to better her condition. She tried to read and improve her mind during the winter evenings, but the severe work in the factory during ten and sometimes 12 hours daily fatigued her so much that she found it almost impossible to gratify her ambition. Moreover, the woman with whom she boarded was ignorant, and the house was unclean and uncomfortable, so that the home life of the girl was unfavorable for the development of her higher tastes. Not singular, then, was it that she finally became desperate and began to yield to the weight of the circumstances that oppressed her. The vulgar talk of her companions no longer shocked her, and she gradually adopted words and expressions which formerly nothing would have induced her to use. She was deteriorating. Like the ring in the furrow, the best in her was becoming dim. She was out of her proper sphere and she knew it. She longed to escape from her present condition, to save herself from mental and perhaps moral ruin, to mingle with better people and to enjoy congenial surroundings; but of what avail was it for her to battle longer?

Fortunately at this critical period in the girl's career a rich and philanthropic man who lived near the factory became interested in her. He ascertained that her parents had been refined people, and that the hereditary traits in her family were good. He comprehended the circumstances surrounding her, and saw the temptations to which she was exposed. He recognized in her a gem in obscurity, which only needed some person able and appreciative enough to place it where it ought to be. Accordingly he adopted her as his daughter, gave her a good education and other advantages. She became a noble and accomplished woman, and her benefactor felt well repaid for his kindness. But what could be said in regard to many cases like that of this girl, where no helping hand was extended? It was sad to think of those cases. The fate of the individuals involved was similar to what the destiny of the ring would have been, had it not been found by the farmer.

The audience, most of them well-to-do persons, were much impressed by the sermon. One wealthy member of the church was especially impressed. It happened that he had become interested in a girl whose circumstances in life were almost identical with those of the one whose story the pastor had related. The man had thought of adopting her as his daughter, but he had been restrained by selfish considerations. It only needed the sermon to overcome his reluctance, and he immediately decided to carry out his philanthropic plan the next day. Now it chanced that the poor girl whom the rich man had in mind also heard the sermon, she occupying one of the free seats near the vestibule during the services. She, of course, was astonished and wondered whether the preacher had heard of her, and had founded his story on her experience. She dared not hope, however, that she would be fortunate like the poor girl in the story, and have a helping hand extended to her. Great then was her amazement and joy when the benevolent man came to her and made his proposition. She accepted it with profound gratitude. Her new guardian was especially anxious that she should be well educated, and it was not long before he sent her to a noted boarding school in another city. At the end of five years, Mary, that was her name, returned to her benefactor, a beautiful and accomplished young woman.

Every Sunday Mary accompanied her adopted father to church and listened to the preaching of the Rev. Thomas Moulton. The minister noticed with delight that the fair young woman appeared to appreciate his sermons very much. Soon he began to cultivate her acquaintance, and made such rapid progress that friendship ripened into love with surprising celerity. He was more humble-minded than are most preachers, however, and he was disheartened by a fear which many manly men have felt. He feared that he was not good enough to become the husband of a superior woman.

In the course of a stumbling speech in which he acquainted Mary with his desires, he said: "I love you, but I feel that you are too good for me."

Mary looked at him in an encouraging and affectionate way. "If you knew how great my obligation to you is, you would have more courage," she replied.

"What do you mean?" he eagerly asked. "I was in the furrow, and had it not been for you I would have remained in it to this day."

The worthy clergyman was mystified. An explanation was in order. Mary recalled the sermon and told what it had done for her.

Mr. Moulton was greatly pleased, and inasmuch as he was to obtain a good wife by means of this sermon, he declared that it was the best one he had ever preached.—American Cultivator.

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