

THE FUNCTIONS OF MONEY ANALYZED.

The first step in an inquiry regarding the functions of money is to ascertain what is meant by money—and what is its functions.

I think that all must agree that the word money involves two attributes. First, it is a standard of exchangeable value. Second, it is a medium of exchange. By standard of exchangeable value is meant that in the exchange of commodities or services their comparative values are expressed in terms of the standard and not in terms of the commodities or services themselves. Merchants instead of saying that they will give so many bales of cotton for so many tons of iron say that they will give so much of the standard for so much iron or sell so many bales of cotton for so much of the standard. This use of a standard of value is the difference between the barter of the savage peoples and the trade of commerce of the civilized world. Some object which men desire and which can be obtained only by labor has always been used as this standard of value and its excellence as such standard has always been proportioned to its comparative uniformity of value.

By medium of exchange is meant the use of the standard in effecting the desired barter and to pay differences in exchange. To conveniently serve this purpose the standard must be put in such shape that the weight and fineness can be readily known. At first this object was attained by the stamp of well-known private persons; later by coinage by the government. Coined metal thus becomes money and this quite irrespective of the question whether it is made a legal tender.

Now as to the functions of money. The exchangeable value of gold and silver, like the exchangeable value of everything else, depends upon the cost of its production and the degree to which for purposes of use it excites the desires or demand of mankind.

If not needed for money, coins can be melted and used in the arts and thus supply a demand. Because of that value they can be used and passed from person to person in effecting exchanges. No one wants money for any other purpose than to get something else. As a thing to keep it is without value—there is no demand for it; as a thing to spend it is in the greatest demand. Its sole real function is to facilitate exchanges by saving the labor and complications of barter.

Where money exists if a man has more cotton and less iron than he needs he exchanges the cotton for money and the money for iron. The process is an immense saving; but the thing accomplished is the same as in barter, *i. e.*,

cotton is exchanged for iron. No one wants or keeps money.

Thus the sole function of money is to facilitate exchanges and but for the fact the use of money decreases the cost of exchanges its existence would be pure waste of so much merchandise.

For What Ills is Free Silver Prescribed?

Now what are the ills which it is supposed would be remedied by the change of the metal of money from gold to silver?

The ills are the existence of what are called hard times or business depression. It is not pretended that any other ills of humanity can be so remedied—at least directly.

What then are hard times or business depression?

I venture to say that hard times or business depression is always the result of overproduction or over accumulation of commodities to a point where they cannot be sold at a price exceeding or equal to their cost. In the word commodities in this connection I include all things which are bought and sold by mankind.

If the overproduction is confined to a single or but few commodities, wherein but a small proportion of the population is engaged, the effects will be comparatively small.

If the overproduction be general or if as in the western land speculation of 1857 a very large proportion of the population is engaged in it, the effect will be comparatively great and even may enlarge into a panic so great as to prostrate the country.

True, at such times there is a great demand for money; because of many people suddenly realizing that the bubble has burst and desiring to sell the overproduced commodity, but the difficulty in selling arises not so much from any lack of money to effect exchanges as from lack of persons having other commodities being willing to exchange them for the panic commodities at the price.

The trouble is not a money trouble but a barter trouble. Gauged by what standard you will the panic commodity cannot be exchanged.

Free Coinage No Remedy.

The commerce of the world consists in the exchange of commodities. Money has no function in respect to such commerce other than as the standard by which to compare and express exchangeable values and as the medium or intermediate through or by which the exchange of the commodities is effected.

How can a change of that medium relieve a situation caused by a change in the exchangeable value of the commodities themselves and not by any change in the exchangeable value of the medium? It would seem that there can be but one answer. It cannot.

So long as the attributes of gold re-

main as they are it would be quite as sensible, say, for the farmer to think that he can improve his condition by selling his wheat by the peck instead of by the bushel as by measuring its value in silver instead of in gold. Everything else as well as wheat would be measured in silver and what could any one gain?

I imagine that no one will differ with me as to this.

In order, however, to effect a result the advocates of a silver coinage, like all weaklings, appeal to government to enact the free coinage of silver at 16 to 1 while the commercial exchangeable value is that of, say, 32 to 1.

That law, I admit, would have one effect. It would enable every debtor to cheat his creditor out of one half his debt. As to all future transactions it would have no effect at all other than that belonging to the use of any metal or other commodity not so well fitted for use as a standard and medium of exchange.

No government can enact the proportionate rate at which men shall exchange commodities; or if it does, it is always *brutum fulmen*. Any government can enact a law by which a fraud or wrong shall be perpetrated on certain classes of the people.

Is it worth while to delude ourselves with the idea that because a way for debtors to cheat creditors has been found, the philosopher's stone or perpetual motion or, to use the homely phrase, a way to lift one's self up by his boot straps, has also been discovered?

To me it seems that the smallest amount of reflection ought to teach any man that a change in the standard and medium of exchange cannot give relief to one whose trouble is that the commodity of which he has too much has fallen in exchangeable value.

WHEELER H. PECKHAM.

NORTH CHINA WOMEN.

It has often been said that the woman of northern China, that portion of the empire invaded by Russia, reigns supreme in her own household. Though this is an exaggeration, she is undoubtedly of greater consequence than the woman farther south. The Manchu woman, farther north than Peking, is certainly far more emancipated than her Hun sister, and she at least is allowed her natural feet to walk upon.

Another curious fact observed in China is that the women of the lower classes have much more freedom than those of rank, and are more on an equality with their husbands. The explanation of this is a matter of Chinese social economics. The poorer a man is the fewer spouses can he afford to keep, so that the average man of the lower—not the middle—classes has but one wife. In this alone she holds an advan-