Liberty

NOT THE DAUGHTER BUT THE MOTHER OF ORDER PROUDHON

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"For always in thine eyes, O Liberty!
Shines that high light whereby the world is saved;
And though thou slay us, we will trust in thee."
JOHN HAY.

On Picket Duty.

The New York "Law Journal" has discovered that the law is just now at an ebb tide in public estimation. It may discover in time that its river is tideless, and that such water as is drawn off never returns.

At last we have Dana's own cynical explanation of the true inwardness of his vociferous patriotism and ferocious Americanism. "You must be for the stars and stripes every time," he said in a recent lecture, "or the people of this country won't be for you, and you won't sell enough papers to pay your expenses." There has never been any doubt among sensible men as to Dana's patriotic fervor being for revenue only, but that he should frankly acknowledge the fact is certainly surprising. His monarchical friends in Russia and his republican friends in Hawaii will be sorry to find out the truth about their ardent champion.

In Lillian Harman's article in the last issue of Liberty the following sentence appeared: "He wants . . . . congress . . . . to enact for . . . . the United States, destined to ultimately include a whole continent, a blanket age-of-consent law under which the men of races whose girls become women at the age of twelve, or earlier, and are withered crones at thirty, must comfort themselves as do the men of races whose girls do not become women until sixteen and are in the flush of vigor and beauty at thirty." In this sentence the word "comfort" was accidentally substituted for "comport." As the error was wholly typographical, I hasten to absolve Lillian Harman from all suspicion of obscenity. Moreover, Liberty's compositor presents his compliments to Mr. Anthony Comstock, and humbly begs his pardon.

In his crazy production the degenerate Nordau (degenerate according to his own graphic descriptions of the symptoms of degeneracy), trying to prove that Wagner was irresponsible, quotes passages of a distinctly Anarchistic character, and triumphantly cries: Here, your idol was an Anarchist; isn't that conclusive evidence of his insanity? Seidl, the Wagnerian conductor, agrees with Nordau, for he pooh-poohs the idea that Wagner can be called an Anarchist. But Seidl is pursuing a dangerous course. On this point Nordau is not open to successful attack, and, unless Seidl is ready to admit that Wagner was crazy, he had better refrain from protesting against the charge that his master had pronounced Anarchistic tendencies. It is true that Wagner's opinions took a reactionary turn in his declining years, but the fact that for a long period he was a pronounced libertarian cannot be gainsaid.

How the Philistines must be shocked to see the old Tory "Saturday Review" converted into a forum for the bold promulgation of the most immoral heresies! A shameless "Woman of the Day," writing about the value of love to the modern woman in the editorial columns of that journal, makes the startling admission that "in the love of the modern woman there is not a shred of illusion"; that her difficulty of believing in her lover "has vanished before the greater difficulty of believing in herself"; that "the instincts of fidelity are not in her"; that she is "reluctant to give any man a lien on her soul, and fearful of submerging the independence of the spirit in the contact of the flesh"; and that, while yearning for love, she "shrinks from even a temporary abnegation of an intellectual attitude towards things." So the worst things that "degenerates" and social outcasts have been telling the world about the new woman is true, after all, and the poor respectable folk are forced to learn the galling things from one of their oldest and most trusted friends! Surely this is one of the exasperating little ironies of fate.

Nothing can be more anti-Spencerian than the view of that quack, Lombroso, of the characteristic traits of the "criminal classes." To Spencer crime simply means the infringement of equal liberty, while to Lombroso crime is everything which "the law" stamps as criminal. Mr. Donisthorpe, who refuses to pay an assessment for the support of a "free library," is a criminal in Lombroso's eyes, while in those of Spencer he is one of the most advanced and intrepid individualists of the day. How, then, Spencer must rub his eyes in amazement when he turns over the pages of the "Popular Science Monthly" and finds a eulogistic notice of Nordau's "Degeneration," in which we are told that "Nordau, who is a pupil of Lombroso, has in this volume applied to certain writers and artists the same rigid rules of psychical investigation that were used by the Italian *savant* in his investigations into the factors and features of the degeneration of the criminal classes"! So far as the editor's own notions regarding literature are concerned, they are hardly more weighty than those of the average old maid, and no one will be surprised that he follows Nordau in declaring Whitman, Zola, Ibsen, Wagner, Tolstoi, and the rest to be "mentally defective individuals" fit for the lunatic asylums. But I am ready to wager anything that both Lombroso and Nordau, applying their "scientific" methods, would find Spencer, Mr. Youmans, and other individualists even more crazy and dangerous than Ibsen and Zola, if they were told that the former denounced government as born and reared in aggression and made war upon factory legislation, public sanitation, compulsory education, tariffs, and a thousand and one other blessings of government.

In its decision in the Debs case, the federal supreme court wipes out another respectable portion of the old doctrine of State rights. It holds that the federal government may enforce its laws in the field reserved for it under the constitution as interpreted by congress and the courts without regard to the opinions of the State authorities as to the need of federal interference. If the mails or Inter-State commerce are obstructed, federal troops may be promptly ordered to the scene of the disturbance, and the State need not be consulted in the matter at all. It is very doubtful whether "the forefathers" ever contemplated any such use of federal powers, but the present pillars of society do not trouble themselves about the intentions of the forefathers in *this* case. They ordered the court to spell nation with a capital N in the Debs case, and the court duly obeyed. The court also decides that where, in the opinion of the government, it is not advisable to wait until the law has been broken, equity may be invoked to enjoin breaches of law and to punish for contempt all those who evince the least disposition to proceed in an unlawful manner. Not only does this abolish trial by jury, but it also takes away the right of appeal and review. For, says the supreme court, since the lower federal courts have jurisdiction and power to issue injunctions, they alone can decide whether their injunctions have been respected or not. So Debs goes to prison for contempt of court, simply because Judge Woods finds that he has in some way or other disregarded his order and encouraged illegal obstruction of commerce. If he actually has done so, he is liable to be found guilty by a jury, in the regular course of legal procedure, and again sent to prison, thus suffering twice for the same offence. If the jury acquits him, he will have served a sentence for doing something which the judges *thought* was a violation of the law, but which the jury found to be entirely proper. Yet we are told that juries alone decide matters of fact! Did not Judge Woods judge of the *facts* when he punished Debs for violating his order? Unquestionably. But if the jury, with all the evidence before it, should find that Judge Woods was wrong and that Debs committed no illegal acts, how would his imprisonment for contempt be justified?

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"In abolishing rent and interest, the last vestiges of old-time slavery, the Revolution abolishes at one stroke the sword of the executioner, the seal of the magistrate, the club of the policeman, the gauge of the exciseman, the erasing-knife of the department clerk, all those insignia of Politics, which young Liberty grinds beneath her heel." — PROUDHON.

☞ The appearance in the editorial column of articles over other signatures than the editor's initial indicates that the editor approves their central purpose and general tenor, though he does not hold himself responsible for every phrase or word. But the appearance in other parts of the paper of articles by the same or other writers by no means indicates that he disapproves them in any respect, such disposition of them being governed largely by motives of convenience.

A Standard, After All.

Then Mr. Kitson is, after all, advocating a concrete unit of purchasing power, — *viz.*, a composite unit agreeing in composition with that of the sum total of all wealth. If by hypothesis $48\ Ag + Au + 200\ Cu =$ permanently 3 P, then $16\ Ag + \frac{1}{3}\ Au + 66\frac{2}{3}\ Cu$ is the adopted unit of purchasing power; and, if by hypothesis the sum total of all wealth existing at a certain time is a constant, then a certain fraction of that wealth becomes the unit. This is certainly not the unit of his book. He might have saved the first half of his rejoinder, for I am well acquainted with this very desirable, but utterly impracticable, unit of value. (See Liberty, No. 311, p. 3, col. 2, last paragraph).

After having committed himself to a concrete unit of purchasing power, he might as well continue and correct the remainder of his errors. He should now cease to insist that his unit is an abstract quantity, and, moreover, he should reveal how he proposes to produce notes that shall be representatives of such units. The only method known to me by which to accomplish this consists in preparing a complete list of the things composing the wealth selected as the unit, so as to preserve a record thereof, and then making the notes a valid claim, against the issuer, for the delivery of this list of things. Mr. Kitson may know of some other method of accomplishing the same end; but, if so, why does he not present his scheme to his readers? Does he know of some patent legend or design which, when printed upon a piece of paper, will produce this effect without recourse to the natural means of producing it? Even though I deny that such a unit would be invariable, owing to the constant changes in the composition of the total wealth, I am anxious to learn his secret. Indeed, I should have advocated such a unit long since, had I not considered the difficulty involved in the issue of notes based on it an insurmountable bar to its introduction. If Mr. Kitson's notes are to be representatives of wealth in the sense in which railroad tickets are, he should remember that the latter are virtually promises for the performance of very definitely described services. The requisition of pledges is not sufficient. Pledges are the adjuncts of promises to perform some duty or to deliver some wealth. If there is not a promise involved, what are the pledges for?

The question regarding the greenback-unit is answered as follows: The value of a depreciated currency can become a monetary unit only when the government commits the infamy of forcing upon the people a credit instrument of questionable validity. Such notes, nominally promises to pay standard coin, are discounted in the measure in which the risk attending their ultimate redemption increases, and this depreciated value becomes the current money-unit as a result of legal-tender laws. And as regards the so-called irredeemable or inconvertible notes, they are universally considered to constitute a public indebtedness; hence the term "inconvertible" is simply a misnomer, by which our friend has been misled. It really seems that he has never taken the trouble of reading that which is printed on a greenback. Nor is it very surprising to learn that one who considers the one-millionth part of the wealth of Philadelphia an abstract quantity — a mere number One — cannot recognize the concrete nature of "macutes," "skins," "dollars of account," "railroad tickets," etc.

I really fail to see how my definition of value can be challenged. Surely, the economic equivalent of a thing is necessarily some other thing, — namely, that which is obtainable in exchange. It is true, I use the term "value" in the sense in which mathematicians and common people use it, while Mr. Kitson swears by those authorities with whom he himself is at odds in almost every other respect. And, lo! I am expected to furnish a reason for my conclusion that value is a thing. Is it possible that our friend does not know the difference between a definition and a proposition? I cannot do more than announce that, whenever I use the word "value" in a specific sense, I invariably mean "equivalent," and whenever I use it in a generic sense, I use it as a synonym of "exchangeability."

Mr. Kitson is welcome to his definition. But he makes two very serious mistakes. First: He denies to others the right to use the word in any sense other than that dictated by him. On the basis of the dogmatic assertion that his is the only correct definition, he interprets, in his own way, the statements made by others who use the word as I use it, and, after thus forcibly misconstruing those statements, he triumphantly shows that they are absurd. Here is an illustration of his style of treating opponents. From one of his authorities he quotes the statement that demand is the cause of value, and, by a skilful manipulation of words, he shows that my definition leads to the remarkable conclusion that matter may be created by the mere desire of men. Unfortunately for him, the word value is used, in the above quotation, in a generic sense, — in the sense of exchangeability, — and, if applied to his own definition, would lead to the meaningless proposition that demand is the cause of ratios, of abstract numbers. Of course, I should not consider this a correct inference. Juggling with words is no argument. Second: He fails to adhere to his own definition and not only confuses his readers, but, by virtue of his own confusion, is himself led astray. Thus, in order to prove "science says that money is not and cannot be a commodity," he argues as follows: Value is a mere ratio of exchange, and therefore an abstract quantity, and, since money is a denominator of values, it must likewise be of an abstract nature. Now, this conclusion is a palpable fallacy, as I shall show, after first proving, on basis of both definitions of value, that the monetary unit must be a concrete quantity.

First demonstration: Let "value" be the synonym of "equivalent." If a horse exchanges for ten monetary units, then 1 horse = 10 units; and, since both sides of an equation must be homogeneous, the monetary unit must be of a concrete nature, in the sense in which the horse is.

Second demonstration: Let "value" be the exchange ratio of two commodities. If a horse will exchange for ten monetary units, then the value of one horse to one unit will be as ten to one, or: 1 horse : 1 unit = 10 : 1. Now, since a ratio, one term of which is a concrete quantity, can have an abstract value * only if the other term is also of a concrete nature, it follows that the "unit" of the above ratio must be a concrete quantity.

Refutation. This conclusion is diametrically opposite to that of Mr. Kitson. Unless this discrepancy can be cleared up, my demonstration is incomplete. Let us examine his demonstration. If value is a mere ratio of exchange, by definition, then it is necessarily an abstract quantity. This surely cannot be denied. But what next? Money is a denominator of values. Is it? Every denominator must be a specific quantity, while money is a generic term. Oh, well, Mr. Kitson undoubtedly had reference to money in its specific sense, — *viz.*, to the monetary unit. But is it true that the monetary unit is a denominator of values? In the formula: 1 horse : 1 unit = 10 : 1, the "unit" is the second term of the first ratio. By what authority is the second term of a proportion the denominator of the second ratio? Let us see. The value equation may also be written: 1 unit : 1 horse = 1 : 10, and now the horse is the second term of the first ratio. It would therefore appear that now the horse is the denominator of the ratio 1 : 10, and accordingly an abstract quantity. Of course, this is absurd. And Mr. Kitson's premise is obviously incorrect. There is but one way out of this labyrinth. The monetary unit is a measure or unit of the economic magnitude of commodities, and cannot, therefore, be also a denominator of the exchange ratio existing between two such magnitudes. It can be a denominator of "value" only if this term is an expression for the economic magnitude of single commodities, and is NOT a denominator of "value," if value is conceived as a ratio. It appears that not I, but Mr. Kitson is the victim of the confusion surrounding the term value, — a confusion which is not of popular origin, but which has arisen from the attempt of Mr. Kitson and his "investigators, writers, and thinkers" to show that they know more than mathematicians and common people, and who, in this attempt, have prepared a mess which they themselves are unable to digest.

Next I am criticised for using the word "weight" instead of "mass," when in reality

* Beg pardon, I don't mean "value" (exchange ratio), I mean, — really, I don't know what, — I suppose "equivalent." Confound those mathematicians who take their definitions from the popular misuse of

I did mean weight, or, for that matter, gravitation, if Mr. Kitson prefers the Latin to the Saxon term. And if he will once more read the passage he refers to, he will find that I do not assert that weight is an intrinsic property of single bodies. On the contrary, not knowing what Mr. Kitson means by "intrinsic property," I was very careful to so word my statement that it may be adapted to any interpretation of that phrase. But after telling, by a sharp definition, how I construe the term "property," I had a right to maintain that weight or gravitation is such a property, since it fulfills the conditions of my definition. And for the same reason is "exchangeability" a property of goods. I am asked to substantiate this by telling the readers of Liberty what sensible effect it is which furnishes the criterion of value. "By what method of physical or chemical analysis may we discover and measure it?" Beg pardon, exchangeability is neither a physical or a chemical, but an economic property. Physical properties are tested by physical processes, chemical ones by chemical processes, and economic ones by economic processes. If Mr. Kitson should receive a number of screw bolts for the purpose of having their strength tested, he would put one of them into a testing machine and tear it asunder, noting the strains of both limit of elasticity and rupture. The tested bolt would incidentally be converted into scrap iron by a physical process. If he were to receive some crystals to analyze, he would dissolve a portion and apply various re-agents; and, were he to find that by the addition of ferric cyanide of potash a blue precipitate is produced, he would conclude that the sample is an iron salt. That portion of the sample which he had used in the test would have been converted into Prussian blue by a chemical process. If he should give me a number of horses, to determine their value, I should take one of them to market, and, upon finding that it will exchange for ten mules, I should consider ten mules to be the economic equivalent, the exchange value, of one horse. The horse selected for the test would then have been converted into ten mules by the economic process of exchange. If, now, the ten mules cannot make a sensible impression on any of the five senses of Mr. Kitson, I would advise him not to carry his investigation too far, for circumstances might arise which would render the sensible impression rather painful.

There is no need of replying to the criticism of my views and writings on money. The readers of Liberty are acquainted with them well enough to appreciate the attempt to attribute to me sentiments foreign to me. And the criticism of the method of redemption advocated in "A Study of the Money Question" will be better appreciated after my critic has revealed his secret regarding the production of pieces of paper which shall be valid representatives of his composite unit. I admit, however, that it is news to me to learn that notes have the power to procure any commodity to the extent of the purchasing power of the note *on demand*. I always thought that a note enables me to buy only from those who of their own free will agree with me to an exchange of goods for money. The only right a note gives me is to demand a certain amount of gold from the maker's treasury, and even that right is precarious, because the promise to redeem lacks definite expression, the "recognized authorities" having so completely muddled the understanding of our lawmakers that they do not know how to make honest laws.

terms. A fellow doesn't know how to express himself when he gets among "scientific" people.

I cheerfully concede that the use of money is nothing more than systematized barter, in contradistinction from pure or simple barter, and I do not know why it should be anything else.

Can our friend deny that *every* exchange is attended by an agreement which embraces two definite economic quantities, and that this agreement is an essential factor of the exchange? Does any proviso regarding the time of delivery alter the fact that two commodities are involved? What, then, is the meaning of saying that such an exchange, which he terms demi-exchange, is not an exchange of one product for another? And his case is not improved if one of the economic quantities involved is money, for he has no right to repeat his assertion that money is an abstract quantity until he has refuted my demonstrations to the contrary and successfully defended his demonstration against my refutation. It is true, by the adoption of a concrete unit of purchasing power he has already paved the way for a graceful retreat from his position. Let us hope that he will now complete that which he has so auspiciously begun.

Hugo Bilgram.

Did the Sword Settle It?

In discussing the growth of American nationality, in the June "Forum," General F. A. Walker gives an interesting account of the way in which the right of secession has been lost by the sovereign States. He owns at the start that he has always "had a certain feeling that, in the great debate over the charter of our liberties and institutions, the Southerners had a little the better of it," but he hastens to explain that it was only the letter of the law — "the letter which killeth" — which was on the side of the South, while the spirit that maketh alive was from the first with the centralizationists. This remark, however, conceals an ingenious bit of question-begging. What General Walker here endeavors to palm off as a *fact* is merely an expression of an opinion which the South emphatically disputed. The letter which killed the federal pretensions in one aspect made alive the State powers and independence in another aspect, and, conversely, the construction which was favorable to the federal government was fatal to the life of the States. The question is essentially a historical one. Was the original compact intended to include an abandonment or surrender of the right of secession? General Walker finds that the convention of 1787 simply dodged the responsibility of deciding the question of national unity, and that the written constitution is significantly vague on the point. "The issue was one," continues General Walker, "which, if not purposely *made* doubtful, was purposely *left* doubtful," because "to raise the question of coercion, should one State seek to secede from the others, would have meant nothing more or less than the immediate and complete failure of any scheme of union." The great problem was purposely left "to the logic of events and to the course of national experience."

And how has the logic of events solved it? General Walker writes at great length, pointing out how "the course of events during the first four decades of our national history, the fortunes of our people, the action of political parties, as well as mere living together an entire human generation," made the United States a nation. He dissents from the opinion widely entertained in the South that it was rather the legislation of the sword which wiped out the independence of the sovereign States and destroyed the right of secession, although he holds that, as a matter of ordinary political sense, the result of the defeat of the attempt at secession must be accepted as final. The Southern view of the situation, General Walker says, is fairly represented by the statement of Congressman Tucker that to the decree of the war "the seceding States bowed as final, as law, whether they concurred in its righteousness or not. They had submitted to the jurisdiction of the tribunal of war; they joined issue in its forum; the decision was adverse, and from it there was no appeal; and they have submitted to its irreversible result."

There are elements of truth in each of these explanations, but neither is entirely satisfactory. The great trouble with this discussion is that few of the writers have the courage to avow their real sentiments. Allowance must always be made for hypocrisy. Occasionally a Southern representative ventures to speak earnestly and boldly on the subject, regardless of the clamor of the Northern professional "patriots," and then we get a glimpse of the real truth as it appears to the Southern mind. A short time ago the governor of Texas emphatically denied that the South had ever consented to abide by the verdict of the sword. The South, as he viewed the matter, simply took up arms to resist the *invasion* of its territory by the North, and its defeat in no way binds it to accept the result as final apart from other considerations. Col. McClure, who was an intimate political associate of Lincoln, has stated that at the Hampton Roads conference the representatives of Jefferson Davis positively declined to consider any proposition which involved the dissolution of the Confederacy. They continued the struggle and were defeated, but under what code is defeat recognized as a final adjudication? Do not individuals, parties, and nations persist in spite of failures and discouragements, when they are inspired by an ideal? If the South really valued political independence, it would certainly repudiate this baseless notion that the failure of the rebellion estops it from renewing the struggle. The matter would simply resolve itself into a question of expediency, just as the question of war between France and Germany, for example, is now universally regarded.

To the consistent libertarian the State-rights controversy presents little practical interest, although the chapter in American history which deals with the loss of the right to secession must forever remain peculiarly fascinating to him. The love of liberty has been decaying both in the North and in the South, and an intense belief in State rights is not incompatible today with an intense aversion to *individual* liberty, the only liberty which is real and substantial. It matters little to the individual whether he is oppressed by a great centralized nation or by a small government or by a band of whitecaps, and the libertarian who opposes the tendencies toward "unification" and nation-building — the mania of the professional patriots and jingoes — does so simply because he perceives in them one of the symptoms of political reaction. V. Y.

Mr. Kitson's Unconscious Confession.

Precisely as I expected. Like every other opponent of a standard of value, Mr. Kitson, when driven to a test of his idea by application to a concrete case, is obliged to resort to a commodity standard in order to make his system workable. As Mr. Bilgram points out, Mr. Kitson has solved my problem by adopting as a standard of value a combination of three commodities in definite proportions, which we may conceive, if we choose, as an alloyed coin of silver, gold, and copper. Taking the data that I furnished him, he bases his demonstration upon the proposition that my figures establish a permanent equality between 3 units of purchasing power and 48 ounces of silver + 1 ounce of gold + 200 ounces of copper. If this be so, then 1 unit of purchasing power is permanently equal to the purchasing power of 16 ounces of silver + $\frac{1}{3}$ ounce of gold + $66\frac{2}{3}$ ounces of copper, whatever that may be at any given time. Now, as the value of these commodities will not be the same from day to day, so the unit will not be the same from day to day, but will rise or fall as this alloyed coin of silver, gold, and copper rises or falls. Mr. Kitson, instead of adhering to his plan of an ideal and invariable unit, has been forced by my problem to adopt a real and variable standard. If any one doubts this, let him test the matter by Mr. Kitson's calculation. His figures show that on April 20, 1896, 1 ounce of silver, instead of being worth $\frac{1}{48}$ of a unit as it was a year earlier, is worth $\frac{1}{32}$ of a unit, — in other words, that 32 ounces of silver are worth 1 unit. But on April 20, 1896, by the terms of the problem, 48 ounces of silver = 3 ounces of gold = 300 ounces of copper. From these exchange ratios may be deduced the following equation: 32 ounces of silver = 16 ounces of silver + $\frac{1}{3}$ ounce of gold + $66\frac{2}{3}$ ounces of copper. It will be noticed that the second term of this equation is precisely the alloyed coin which Mr. Kitson's permanent equation binds him to, as I have said above. But Mr. Kitson also finds that on April 20, 1896, 1 unit = 2 ounces of gold = 200 ounces of copper. Now, a calculation similar to the foregoing will show that 2 ounces of gold and 200 ounces of copper are each equal to the alloyed coin before referred to. This coin, then, is the standard of value with which Mr. Kitson starts and to which he adheres.

But Mr. Kitson, instead of announcing that he has taken this or some other standard, proclaims that he has taken no standard at all, and thus the people who are to use his currency are left entirely at sea. As soon as a change in wealth relations takes place, they can know nothing of the value of their unit, for they have not been told whether it is an alloy of silver, gold, and copper, or of silver and gold only, or of silver, gold, copper, and tin. The most that Mr. Kitson will tell them is that it is an alloy of all commodities. But they are no better off for this information, for it is utterly impossible to draw up a list of all commodities, and the omission of even one commodity will alter the value of the unit. As for Mr. Kitson's claim that the value of the unit need not be calculated, but will take care of itself, nothing could be more absurd. Unless it is definitely related to something, the unit is a mere abstraction, a nothing; and a commodity which should decrease in amount and therefore rise in value would not thereby become worth a greater quantity of nothing than before. It is nonsense, therefore, to say that "more paper notes will be offered for an ounce of gold until the demand is reduced to the available supply."

Another evidence that Mr. Kitson adopts a standard in spite of himself and without knowing it is found in his recognition of the fact that, with his unit, a commodity which appreciates in regard to all other commodities does not appreciate to quite the same degree in regard to the unit. To explain this fact he resorts to a fanciful analogy between this state of things and the relations of two vessels standing in a canal and on a level with some fixed point on the shore. The analogy is to no purpose, for the factors in the two cases do not correspond. The fact is explicable only on the theory that Mr. Kitson has (unwittingly) adopted a composite commodity unit. If gold appreciates 30 per cent. in regard to other commodities, the fact that it would not thereby appreciate quite 30 per cent. when compared with a unit *of which gold itself is a constituent part* becomes clear as daylight, and needs no vessels and canals to make it plain. The fact that gold itself is a part of the unit is the only way of accounting for the difference in degree of appreciation, and this same fact is a direct contradiction of Mr. Kitson's theory that his system is independent of a commodity standard.

It is entirely needless for Mr. Kitson to point out that I, in presenting my problem, attempted to give a value to the unit by relating it to a commodity standard. I did so quite consciously. It was precisely my purpose to show that if Mr. Kitson, on the initial day, gave his unit the value of an ounce of gold, but after the initial day did not adhere to this equivalence, it would be impossible thereafter to attach any value to the unit except by relating it to so much of some other commodity as was equivalent to an ounce of gold on the initial day. But, no commodity having been specified, one person might try to relate the unit to silver, another to copper, and others to other commodities, with utter confusion as a result. The problem set Mr. Kitson was this: to place a value on his unit, from the data given him, *without relating it to some commodity standard.* I showed him that his unit could be valued by relating it to silver, or to copper, or to other commodities. His answer is in substance: "Pshaw! don't you see that you attempt to value the unit by relating it to silver or to copper? It should not be related to a commodity standard. Now see me find its value." And straightway he does find its value, but only by relating it, not to silver or to copper, but to an alloy of silver, gold, and copper. Which, of course, is a resort on *his* part to a commodity standard, — a violation of the conditions of the problem, and a virtual, though deliciously naïve, confession that there is no sense at all in those portions of his book which deny the necessity of a standard of value.

The whole question depends upon the solution of my problem. When Mr. Kitson shall solve it in compliance with its conditions, I shall promptly take off my hat to him and retire from the field with most abject apology. But, until he does solve it, it is entirely needless to discuss his theoretical speculations. Hence I can give him space, if he desires to write again, only to refute the claim of Mr. Bilgram and myself that, in his attempt to solve the problem set him, he has resorted to a commodity standard, and to find some other solution if he can. Liberty's space is valuable, and for the present Mr. Kitson must strictly confine himself within the limits just specified. In the present issue I have given him ample opportunity for a full statement of his case.

It is perfectly true that denials of the necessity of a standard of value may be "properly answered with silence or laughter." I invited Mr. Bilgram to deal at length with Mr. Kitson's book, not because I thought the objectionable chapters intrinsically worthy of refutation, but for the very reason that these chapters were so ridiculous as to reflect their character upon the good cause of free and mutual banking, and therefore needed to be emphatically disowned. The no-standard theory is no new thing. But its advocacy has generally been confined to the governmental fiatists; and, while they alone put it forward, I was quite content to laugh at it and them. But, when some of my own comrades champion this delusion, something else is necessary. Their theory must be repudiated in order to prevent students and the public from holding mutual banking responsible for it; and it must be repudiated, not alone with laughter, but with argument, in order to prevent Mr. Kitson and the few libertarians who agree with him and who are sane on other subjects, from proclaiming: "See! we are right. Our critics cannot answer us. They can only laugh, and to laugh is not to reply." So we have replied, and, having replied, we continue to laugh. T.

The Criminal Jailers of Oscar Wilde.

The Fabian "Daily Chronicle" of London, organ of a brutal political philosophy, has consistently outdone even the Philistine press in its brutal treatment of Oscar Wilde. But Rev. Stewart D. Headlam, editor of the London "Church Reformer," whom economic error still holds in semi-bondage to the same brutal philosophy, has been led, by his natural love of liberty and his sympathy with the persecuted, into the magnificent inconsistency of becoming Oscar Wilde's surety. Just as Mr. Headlam scored his consistent fellow-Socialist, John Burns, for his tyrannical treatment of the London music halls, so he befriends this later victim of a still more cruel tyranny. And even bolder and more admirable than Mr. Headlam is one of his contributors, Mr. Selwyn Image, for whose following words, reprinted from the "Church Reformer," Liberty offers him heartiest thanks:

> The law of the land has found Mr. Wilde guilty of the charges laid against him, and has condemned him to two years' imprisonment with hard labor. Some of our papers have clapped their hands over that, and shouted: "Thank heaven, a scoundrel has got his

due!" Some of our papers, with greater delicacy and justice, have felt the tragedy of the situation, and exclaimed: "How terrible a fate! here closes forever the career of a man whose promise was so brilliant." For the former papers I have no expressions of scorn contemptuous enough; for the latter, I can understand their view and appreciate their spirit. But both those and these are wrong. During the past days of his overwhelming trouble I have come to know Mr. Wilde far better than I ever knew him before; and I have no hesitation in saying that, whatever in past days may have been his weaknesses, or follies, or sins, he has behaved in the hour of trial with a manly courage and generosity of spirit which I fear few of us under similar circumstances would have been virile and self-sacrificing enough to exhibit. As regards his future, so far from being in despair, I am full of hope. My acquaintance is not altogether a small one, nor an unrepresentative one: and I know that there are men and women amongst them, thank God, true enough to champion his name and memory during the months that he is undergoing his imprisonment, and ready, when that imprisonment is over, to welcome him as their friend, and to help him to recover his spirit and to do good work for the world. I do not believe for an instant that Mr. Wilde's career is over: I rather believe that, if his health lasts out under the sentence imposed upon him, he has far better work to do than he has ever done, and a far better audience awaiting him to appeal to. And if in any way my friendship and services may be in some measure of use in helping him to this end, I shall esteem it as one of the privileges and honors of my life.

Good as this is, there is still something to be added, — namely, that the imprisonment of Oscar Wilde is an outrage that shows how thoroughly the doctrine of liberty is misconceived. A man who has done nothing in the least degree invasive of any one; a man whose entire life, so far as known or charged, has been one of strict conformity with the idea of equal liberty; a man whose sole offence is that he has done something which most of the rest of us (at least such is the presumption) prefer not to do, — is condemned to spend two years in cruel imprisonment at hard labor. And the judge who condemned him made the assertion in court that this was the most heinous crime that had ever come before him. I never expected to hear the statement of the senior Henry James, uttered half in jest, that "it is more justifiable to hang a man for spitting in a street-car than for committing murder" substantially repeated in earnest (or else in hypocrisy) from an English bench. Whatever Mr. Arthur Kitson may think of the need of a standard of value in finance, he surely will admit, after this judicial utterance and sentence, that we are sadly in need of a standard of value (or its opposite) in crime. Men who imprison a man who has committed no crime are themselves criminals. T.

The Value of Money.

One of the objections often offered to Mutual Banking is that the notes would depreciate in value. It is argued that the purchasing power of money decreases as its volume increases, and *vice versa*. Sometimes it is even asserted that, if there was only one dollar in the world, it would be as capable of mediating all exchanges as is all the money in circulation today, provided it was equally capable of division.

The only conception we now have of a dollar is 25.8 grains of gold $\frac{9}{10}$ fine. If there were only 25.8 grains of gold (one dollar) in the world for use as money, the value of that gold must be either greater or less than, or equal to, that of the same amount of gold today. That is to say, it must be capable of purchasing, or be exchangeable for, a greater, or less, or equal amount of commodity.

If it be assumed that, under the given conditions, the purchasing power of the gold is equal to that of the same amount today, how can it be capable of mediating all exchanges which now require so much more gold? If the purchasing power of the gold remains constant, how can the money based upon, measured in, and made of, that gold have an increased purchasing power? The absurdity of such a proposition is evident.

If it were possible that the price of gold could depreciate under such conditions, the same absurdity would be manifest in a greater degree. So the only meaning that can be attached to the saying that one dollar would be capable of mediating all exchanges presupposes an increase in the purchasing power of the gold, owing to the decrease in the supply. It is only when looked at from this point of view that the proposition means anything. If the price of gold increases as the supply decreases, the total value of all the gold in the world remains unchanged, regardless of the supply. For example, let us say there are at a certain time 25,000 grains in the world. This gold is capable of purchasing, say, 10,000 bushels of wheat. Suddenly the supply of gold shrinks until only 25 grains are left. These 25 grains are now 1,000 times as valuable as they were before, other things being equal, and consequently capable of purchasing as much as the original 25,000 grains. If this is so, the 25 grains are as good a basis of value as were the original 25,000 grains, and consequently money with an equal purchasing power can be based upon them. That is to say, the amount of money in circulation remains unchanged It is not the increase, or decrease, of the amount of money in circulation that determines its purchasing power, but the increase, or decrease, of the standard, and of the basis of value.

Practically a dollar is capable of infinite division. Instead of issuing notes and subsidiary coin for fractions and multiples of 25.8 grains of gold, it is just as easy to issue them for fractions and multiples of a portion of a grain. A corner lot in San Francisco cannot be moved to New York. Yet a New Yorker can purchase a lot in San Francisco without leaving his office. All that needs to be transferred is a title of ownership. So, while it might be difficult to transfer one-millionth part of a grain of gold, it is quite easy to transfer a title to the ownership of that amount. And this is all that is necessary, if the title be good.

Money may be said to be a title to the ownership of a certain specified amount of commodity. If that specified amount changes, — that is, if the standard of value varies, — of course the purchasing power of the money is affected. If the title is impaired, — that is, if the amount specified cannot ultimately be realized for the money, — of course it depreciates. But, if the standard of value remains constant and the basis of value is sufficient, I fail to see how the volume of money can affect its purchasing power. Of course, if more money is issued on a given basis than that basis will justify, depreciation must result.

With gold coin the gold is both the basis and the standard of value, and the commodity is transferred, instead of a title to that commodity. From the long-continued use of gold, which embodies these various functions, much confusion of thought has arisen. Men are perpetually confusing the title of ownership (that is, the money), the commodity which that title represents (that is, the basis of value), and the terms in which it is expressed (that is, the standard of value). These are three distinct things. The fact that they are sometimes embodied in one article in no wise alters the case.

Suppose all the gold in the United States was deposited in banks and all exchanges were made by means of checks. Suppose that the aggregate deposited amounted to \$100,000,000, and the total amount of checks issued was only \$40,000,000. Now, suppose the amount of checks is suddenly doubled, while the amount of the deposits and the value of the gold remain unchanged. Will those checks depreciate in value? If so, why? This is a condition in which the basis of value is always ample, the standard of value remains unchanged, but the amount of money in circulation is doubled. Unless it can be shown that under these conditions the notes will depreciate, this criticism of mutual banking must be abandoned.

F. D. T.

Anarchist Letter-Writing Corps.

The Secretary wants every reader of Liberty to send in his name for enrolment. Those who do so thereby pledge themselves to write, when possible, a letter every fortnight, on Anarchism or kindred subjects, to the "target" assigned in Liberty for that fortnight, and to notify the secretary promptly in case of any failure to write to a target (which it is hoped will not often occur), or in case of temporary or permanent withdrawal from the work of the Corps. All, whether members or not, are asked to lose no opportunity of informing the secretary of suitable targets. Address, STEPHEN T. BYINGTON, 108 W. 13th St., New York City.

The "Voice," target for Section B three months ago, prints a letter from one of that section in its issue of May 30. It takes time to get from the editor's desk to the type-case sometimes.

Target, Section A. — "The Corner Stone," Lansing, Mich., a small monthly edited by Mrs. S. E. V. Emery, author of "Seven Financial Conspiracies" and superintendent of the W. C. T. U. "department relation of temperance to labor and capital." It takes extreme Populist ground on all economic questions. Write letters showing how freedom will operate to secure economic justice in any department; letters on money will probably interest the editor most.

Section B. — Henry Cohen, 1239 Welton St., Denver, Col. Write letters for labor papers as usual.

STEPHEN T. BYINGTON.

The Book the Test.

To the Editor of Liberty:

Mr. Ruedebusch must excuse me for declining to reply to his misrepresentations of my alleged misrepresentations of his book. It would be to no purpose, and I foresee that we might thus continue to say to each other in a roundabout way, "You're a fool" and "You're another," until the editor of Liberty, in self-defence, would feel obliged to put a stop to our effusions. Rather than be such a bore, I am willing to risk my reputation for fairness. *Mr. Ruedebusch's book is my defence.* Should anyone be sufficiently interested in the matter, he could easily ascertain from it to what extent the author is justified in feeling aggrieved at my review.

E. H. S.

Get Thee Behind Me, Satan!

[Pick-Me-Up.]

FATHER. — Why don't you work, my son? If you only knew how much happiness work brings you, you would begin at once.

SON. — Father, I am trying to lead a life of self-denial, in which happiness cuts no figure. Do not tempt me.

Mr. Kitson's Defence.

The editor of Liberty has placed himself in a dilemma. In his haste to demolish an opponent of a theory to which he is irrevocably committed, he has o'er-shot the mark and accomplished nothing beyond the production of much noise and smoke. Prejudice has blinded him to the real nature and character of the object of his attack. Hence what was meant to be a tragedy turns out to be a farce. He has condemned in unmeasured terms a book he either has not read or fails to comprehend. The very problem which he offers me, and which he thinks is unanswerable, proves conclusively that he is wholly ignorant of the system he ridicules.

Few readers of Liberty will attempt to reconcile the evident contradiction involved in his denunciation of a thing as "balderdash" with the appearance of two critics and the devotion of ten solid columns of Liberty to the task of trying to make good the charge. Denials of "axiomatic truths" require no such treatment as that which Liberty's editor has found it necessary to give to the new work. Such denials are most generally and properly answered with silence or laughter. And certainly, if the monetary system I advocate were such as Messrs. Tucker and Bilgram represent it to be, ridicule would be all that it were worthy of. I have never professed to be able to "estimate concrete values in the terms of a valueless abstraction." On the contrary, I have devoted page after page to demonstrating that it is utterly impossible to measure or express the ideal in terms of any substance. On page 178 I have said that "values are abstract relations, not concrete magnitudes. They are purely ideal, and vary as our wants and desires regarding all objects of utility vary. To measure our desires for things seems at first impossible; yet it is possible to give numerical representation to them by the differences in the quantities of the things we are willing to give for those we desire. A desire for a certain thing at one particular time may be represented by 1, and for some other thing at the same time by 2, and so on. Thus we may establish a numerical relationship among all commodities, our unit being the desire we had for a given thing at a given instant of time."

On another page (preface) Mr. Tucker will also find this statement: "Values are ideal creations, and can only be expressed in terms of the ideal — numbers."

Far from attempting the impossible feat my critics charge me with, I have striven to show the impossibility of performing what they are advocating, — to measure the abstract with gold.

I shall now proceed to the solution of Mr. Tucker's problem. His question is as follows:

> Suppose that today, April 20, 1895, Mr. Kitson's monetary system goes into operation. Suppose, further, that, in his preliminary tabulation of the exchange relations of commodities as existing on April 20, he finds that 48 ounces of silver = 1 ounce of gold = 200 ounces of copper; and that he takes 1 ounce of gold, at its valuation of April 20, as his invariable unit. A year elapses. On April 20, 1896, the exchange relations of silver, gold, and copper, in consequence of variations in the supply and demand of these commodities, are found, we will suppose, to be as follows: 48 ounces of silver = 3 ounces of gold = 300 ounces of copper. Now let us leave copper out of consideration for a moment. If on April 20, 1895, when 48 ounces of silver were worth 1 ounce of gold, 1 ounce of gold was worth 1 unit, then on April 20, 1896, when 48 ounces of silver are worth 3 ounces of gold, 1 ounce of gold is worth $\frac{1}{3}$ of a unit. So far, so good. Now let us take copper into consideration once more, but leave out silver. If on April 20, 1895, when 200 ounces of copper were worth 1 ounce of gold, 1 ounce of gold was worth 1 unit, then on April 20, 1896, when 200 ounces of copper are worth 2 ounces of gold, 1 ounce of gold is worth $\frac{1}{2}$ of a unit. But we have just proved it to be worth $\frac{1}{3}$ of a unit. That is to say, starting with the same data and following two parallel and irrefutable lines of argument, we arrive at contradictory conclusions.

First, let us see what Mr. Tucker has done. He begins by making 1 ounce of gold the standard. He then ignores this and makes 48 ounces of silver a standard. Finally he jumps from this, and imagines copper to be the standard. Because on April 20, 1895, 48 ounces of silver = 1 ounce of gold, and on April 20, 1896, 48 ounces of silver = 3 ounces of gold, he assumes that gold has fallen in its general purchasing power. What right has he to assume that the purchasing power of 48 ounces of silver remains constant with his original unit, — *viz.*, 1 ounce of gold on a certain day? Why should not the 3 ounces of gold in 1896 represent 3 units instead of $\frac{1}{3}$ unit? Similarly with copper. In 1895, 200 ounces of copper = 1 ounce of gold, while 200 ounces of copper = 2 ounces of gold in 1896. Here he makes copper a standard, and assumes that gold has depreciated.

Let me state the case clearly. Mr. Tucker says: In 1895, 48 ounces of silver = 1 ounce of gold = 200 ounces of copper = 1 unit. In 1896, 48 ounces of silver = 3 ounces of gold = 1 unit. And 200 ounces of copper = 2 ounces of gold = 1 unit. Hence he assumes that in the first equation 1 ounce of gold = 1 unit. In the second, 1 ounce of gold = $\frac{1}{3}$ unit. And in the third, 1 ounce of gold = $\frac{1}{2}$ unit.

But why are not the following equations more correct?* In 1895, 48 ounces of silver = 1 ounce of gold = 200 ounces of copper = 1 unit. In 1896, 48 ounces of silver = 3 ounces of gold = 3 units, and 200 ounces of copper = 2 ounces of gold = 2 units.

Will Mr. Tucker kindly point out where there is any confusion or contradiction in this last statement?

But what has all this to do with "Mr. Kitson's monetary system"? Absolutely nothing, so far as an illustration or application of that system is concerned.

The system I propose could lead to no such absurdities as those which Mr. Tucker presents, as I shall shortly demonstrate. His *reductio ad absurdum* is the result of his own commodity-standard method.

Taking the first relations: 48 ounces of silver = 1 ounce of gold = 200 ounces of copper.

Now, in order to find the relations of their purchasing powers in units of quantity, we take the least common multiple of the three numbers, — *viz.*, 48, 1, and 200. This number is 1200. Now divide this by each number of ounces, and we get the purchasing-power relations of a unit of each of the commodities in terms of a common denominator. Thus we have, 25 : 1200 : 6, which means that 1 ounce of silver is to 1 ounce of gold is to 1 ounce of copper as 25 : 1200 : 6.

Now, by the terms of the problem, the purchasing power of 1 ounce of gold represents our unit of purchasing power. Hence the number 1200, which represents this, becomes our unit, and, dividing the above proportions by 1200, we find that on April 20, 1895, 1 ounce of gold = $\frac{1200}{1200}$ = 1 unit; that 1 ounce of silver = $\frac{25}{1200}$ = $\frac{1}{48}$ unit; and that 1 ounce of copper = $\frac{6}{1200}$ = $\frac{1}{200}$ unit.

Take now the relations in 1896: 48 ounces of silver = 3 ounces of gold = 300 ounces of copper.

Here the magnitude of the quantities dealt with is changed, and therefore, in order to find the purchasing power of our unit, we must multiply the numbers expressing the new ratios by such a factor that the total purchasing power of all the commodities considered in their original magnitudes shall be constant. The principle to remember is this. *Given certain definite quantities of certain commodities exchangeable with each other, no matter how their exchange proportions may vary, the total purchasing power of the whole quantity must remain constant.*

In the original equation 48 ounces of silver = 1 ounce of gold = 200 ounces of copper = 1 unit. In other words, 48 times the purchasing power of 1 ounce of silver = the purchasing power of 1 ounce of gold = 200 times the purchasing power of 1 ounce of copper = 1 unit.

If we symbolize purchasing power with P, then (equation 1) 48P of 1 ounce of silver + P of 1 ounce of gold + 200 P of 1 ounce of copper = 3 units, since each quantity is the equivalent of 1 unit. This becomes our permanent equation.

Now, from the principle before enunciated, no matter how the relations of these three commodities to each other may change, the above equation must always hold good. Of course, it must not be forgotten that, since the problem presents only three commodities, we must assume that these comprise the entire list of exchangeable goods, and hence our dealings are wholly with them.

Dealing now with the second equation: 48 ounces of silver = 3 ounces of gold = 300 ounces of copper. By a process similar to that employed before we find the relations of the purchasing powers of these commodities to be: 1 ounce of silver : 1 ounce of gold : 1 ounce of copper : : 25 ounces of silver : 400 ounces of gold : 4 ounces of copper.

While this gives us the *relations* of the purchasing powers of these metals, since the quantities have changed numerically we shall have to multiply each number by a factor — at present unknown — when we come to use our standard equation 1. Call this factor x, and then use equation 1, with our new proportions. Thus: 48 $(25x)$ silver + 1 $(400x)$ gold + 200 $(4x)$ copper = 3 units. From which we find that $2,400x$ = 3 units. Hence $x = \frac{1}{800}$ unit. Substituting for x, we see that, in 1896, $\frac{1200}{800} = 1\frac{1}{2}$ units = purchasing power of 48 ounces of silver; that $\frac{400}{800} = \frac{1}{2}$ unit = purchasing power of 1 ounce of gold; and that $\frac{800}{800}$ = 1 unit = purchasing power of 200 ounces of copper. Hence, in 1896, 1 ounce of silver = $\frac{1}{32}$ unit; 1 ounce of gold = $\frac{1}{2}$ unit; and 1 ounce of copper = $\frac{1}{200}$ unit. Comparing this with prices in 1895, we find that silver has appreciated 50 per cent., gold has depreciated 50 per cent., and copper has remained constant.

Of course, the problem given by Mr. Bilgram is identical in character, and therefore admits of a similar solution.

I have taken this much trouble to answer Mr. Tucker's question rationally, not because it illustrates my system altogether, but in order to prove to my critics that their problems are actually answerable by the system they ridicule, notwithstanding that the questions are entirely irrelevant to the subject. Indeed, I am really under obligations to them for propounding these problems, since it has enabled me to apply my system in a manner and for a purpose I had not expected doing, and more especially as it has brought me from my learned friend John F. Kelly another and simpler method, which I give below,* of solving such questions as these. But now may I ask my critics why it is necessary to keep repeating the operation of prizing commodities from their exchange proportions?

The system I propose furnishes a price-list in terms of which commodity fluctuations are registered, and it is wholly unnecessary to compute a fresh price-list daily from the exchange proportions of commodities. This last is a pure assumption on the part of my critics. Mr. Bilgram can find no warrant in any part of my book for such an assumption.

For instance, referring to the illustration given by Mr. Tucker: Suppose the purchasing power of the ounce of gold is selected on April 20, 1895, as the unit; then, as before, 1 ounce of gold = 1 unit; one ounce of silver = $\frac{1}{48}$ unit; and 1 ounce of copper = $\frac{1}{200}$ unit. Similarly, throughout the whole realm of commodities, we may express them in terms of this unit. We then have our price-list to start with. Now, supposing a decrease in the supply or increase in the demand for gold occurs the day following. Having started our monetary system, using paper notes engraven in multiples and fractions of these units, more of them will be offered for an ounce of gold until the demand is reduced to the available supply. Suppose this point is reached when gold has appreciated, say 30 per cent. Our price-list would then probably read: 1 ounce of gold = $1\frac{1}{4}$ units,† and so on. The fluctua-

* I am simply demonstrating the absurdity of attempting the solution of this problem by Mr. Tucker's method. As a matter of fact, the equations I suggest are not correct, as the reader will shortly perceive.

* Mr. Kelly's method is this. Calling P the unit of purchasing power, he takes as the permanent equation: 48 Ag + Au + 200 Cu = 3 P. Now, when time has altered the relations between the commodities to 48 Ag = 3 Au = 300 Cu, and it is desired to learn the purchasing power of silver, he simply substitutes for Au + 200 Cu in the original equation their silver equivalent as derived from the new exchange equation. We thus get:

96 Ag = 3 P; hence 1 oz. Ag = $\frac{1}{32}$ P.
Similarly — 6 Au = 3 P; hence 1 oz. Au = $\frac{1}{2}$ P.
600 Cu = 3 P; hence 1 oz. Cu = $\frac{1}{200}$ P.

This method is independent of the numbers actually dealt with. It is an adaptation of the total index number method. The assumption is that that is the true unit of purchasing power which keeps the total index number constant. I have used Mr. Kelly's words to explain his method, even to the metallic symbols as used in chemistry. It will be seen that our results are identical.

† An appreciation in one commodity of course necessitates a slight depreciation in all others, as compared with a fixed standard. Hence, though gold has changed 30 per cent. in regard to other commodities, it will not be so great compared to the invariable unit. The following illustration may make it plainer: Suppose two vessels to be standing side by side in a canal, with both decks on a level with some fixed point on

tions in commodities would thus be expressed by the number of units people were willing to give for them. Hence the market reports would indicate the variations in values in terms of our price scale, — invariable units, — just as they are today in dollars and cents. It is no part of my system to require daily calculations to be made from the exchange proportions of commodities, such as Mr. Bilgram supposes.

Now, if these paper notes representing such units are issued for wealth pledged, they become the representatives of wealth, and hence can be used for purchasing wealth, and in commercial transactions, just as our paper dollars now are.

The theory of the system is this. At any given time the total wealth of a nation may be conceived as divided into any arbitrary number of equal parts, all having the same exchange power. These parts consist of various quantities of every conceivable commodity. Each part represents just so much purchasing power, which will be a certain fraction of the total. Imagine the wealth of Philadelphia to consist of 1,000,000 equal parts. If there were no additions or diminutions of wealth, fluctuations in exchange relations of goods might occur to any extent without altering the number or value of these parts. For whatever one commodity lost in purchasing power, another would gain. So that, while the quantities in which goods exchanged varied, the sum total of wealth would be constant. And since this sum is divided into 1,000,000 parts of equal purchasing power, each part becomes an invariable unit of purchasing power.

Wealth, however, is not a constant quantity. It varies with men's productions and consumptions from day to day and hour to hour. It is therefore impossible to determine at all times the sum total of a nation's or a city's wealth. Nor is it at all necessary for our purpose to do so. However much this sum may vary, the units into which it may be arbitrarily divided at any given time remain constant, the only difference being that there are different numbers of units at different times.

For instance, suppose, as before, the wealth of Philadelphia at one time to be 1,000,000 units. Suppose in five years this wealth to be increased 25 per cent. What is the value of the unit? In the first instance it represents $\frac{1}{1000000}$ part of the total wealth. In the second instance it represents $\frac{1}{1250000}$ of the total wealth. But these units are identical in purchasing power, since the $\frac{1}{1000000}$ part of 1,000,000 is the equivalent of the $\frac{1}{1250000}$ of 1,250,000. In this sense, then, our units are invariable. They represent at all times an invariable portion of the total wealth. It will be seen that these units represent no fixed quantity of any particular commodity. They may represent 1 ounce of gold today, 1½ ounces tomorrow, or 2 ounces the day following, depending upon whether gold fluctuates or not, and they would register such variations in a way somewhat similar to that in which the inconvertible greenbacks registered them. It is incomprehensible to me how any one can question the possibility, or even practicability, of an ideal currency, when so many instances of its existence are on record.

In 1878, $10.50 of greenbacks purchased $9.50 of gold. Which was the dollar, — the greenback or the gold? If a dollar is essentially so much gold, what was the greenback? It cannot be said that the inconvertible notes were definite quantities of commodities, nor were they even promises to pay definite quantities of commodities. Many other instances are on record where the monetary units represented no fixed amount of any commodity. The "macutes" of the Africans, the "skins" of the Northwest, the American dollar of account, the pound sterling up to 1810, are all instances of ideal monetary units that had no actual material existence. Nevertheless, they served to compute values; they formed price scales upon which fluctuations in values were and are still recorded. I shall deal more fully with this, however, when I come to answer Mr. Bilgram regarding the subject of value. One fact I may here point out. I have said that, if we divide the total wealth of a community into any arbitrary number of equal parts, and if there be no additions or diminutions of wealth, no matter what fluctuations may occur in exchanges, the number of units and value of each unit must remain constant. When I speak of dividing the wealth, I mean in *equal exchange proportions* at a given time. The purchasing power of the wealth of any community may always be regarded as an even multiple of the purchasing power of a single commodity, such as 1 bushel of wheat, 1 ounce of silver, especially where the wealth is relatively great. Suppose we divide it into so many equal portions, and each portion is the exchange equivalent of 1 ounce of gold at a particular time. The total wealth would then represent a certain number of such units or fractions of such units. No matter how gold might fluctuate thereafter, such units would remain invariable, — *i. e.*, they would be invariable fractions of the total wealth expressed in terms of the purchasing power of gold at that particular time.

Now let us see the effect of using a commodity unit such as Mr. Bilgram advocates. If there be no additions to or deductions from the total mass of wealth, it must remain constant, and a scientific system, such as I advocate, must and does so express it.

Suppose we make the ounce of gold our unit. Now, without any material physical change in our total mass of wealth, we find it varying, increasing and diminishing with every variation in the purchasing power of the unit. And this is the beautiful system that some of the so called "greatest living writers on finance" endorse. I would as soon commend a scientist for proposing to make thermometer scales out of mercury as I would an economist who suggests for a price scale a commodity.

This brings us to the subject of value. What is value? Mr. Bilgram says it is a material concrete thing. Science tells us it is ideal, an abstraction. "When a book is sold for a dollar," says Mr. Bilgram, "the dollar is the value of the book and the book is the value of the dollar. Value is, accordingly, not an attribute of wealth, but an actual thing, — namely, the thing obtainable in exchange" ("A Study of the Money Question"). Mr. Bilgram takes his definitions from the popular misuse of terms. I take mine from the investigators, writers, and thinkers, — men generally acknowledged as authorities. Mr. Bilgram thinks his definition scientific, and mine dogmatic. On the contrary, I think my selection more worthy of recognition as scientific, and his as fanciful. From the above quotation it would appear that Mr. Bilgram's definition is really entitled to be called dogmatic, for he gives no reason whatever for his conclusion that "value is a thing" from the fact that "a book is sold for a dollar."

The truth is that Mr. Bilgram has founded his theory solely upon the conventional use of a term, which he takes to be literal. He might just as well attempt to formulate a new theory regarding the motions of the heavenly bodies, because people will talk of the sun "rising" and "setting."

Definitions based upon the popular use of words are unreliable, for the average man mistakes the apparent for the real, and, in describing phenomena, adapts his words accordingly.

My assertion that value is an ideal creation is based not only upon the opinions of scores of writers, considered to be authorities, but from an analysis of the phenomenon out of which the conception arises, — *i. e.*, exchange. It is impossible within the limits of this article to bestow more than a glance at this subject. But I will supply what seems to me to be an effective test. What is the fundamental cause of value? What is that under the influence of which it arises and increases, and with which it decreases and disappears? It seems to me that, if value can be ascribed to any one particular cause, that cause is human desires. "Value," says Genovesi, "is the child of demand." Of what value is a diamond, unless someone desires it? Increase the desires, and value increases; diminish the desires, the value diminishes; destroy the desires, and the value disappears. All these changes in what is ordinarily termed the "value" of the diamond may occur without its undergoing any physical or material change whatever. During this time its properties or qualities, such as hardness, brilliancy, etc., have undergone not the slightest change whatsoever. To talk of that being the quality or property of a thing which can appear and vanish without the thing of which it is said to be a property or quality undergoing corresponding physical changes seems to me the height of absurdity.

But now let us test Mr. Bilgram's theory, which asserts value to be a material thing. We have seen that demand is the cause of value. (Of course we are now considering things the production of which is limited.) If "value" is a material thing; if commodities are themselves "values," — then we arrive at the remarkable conclusion that matter may be created by demand, — *i. e.*, simply by the mere desires of men, — and that it may be annihilated by a mental operation!!

Surely this discovery is worthy of a place beside that of Macleod's, — that wealth can be created from nothing ("Theory of Credit"). Mr. Bilgram may possibly reply by saying that demand leads to production, just as necessity leads to invention, and in this sense becomes the cause of the existence of commodities. But this is not a sufficient answer. Nothing more is needed to confer "value" or destroy it than to create and destroy desires. Mere desires never created a grain of gold or an ounce of bread. If it be said that "value" cannot exist apart from commodities, my answer is that commodities can and do exist after the "values" which they are said to "possess" have been destroyed.

From whatever standpoint we regard the subject, we are brought to the inevitable conclusion that what is commonly called value, in the subjective sense, is merely an ideal endowment or attribute which the mind confers upon certain objects, and hence it is absurd to speak of it as a property or quality of a thing, and still more absurd to speak of it or regard it in any sense as a material concrete thing. Of course I am here dealing with the term in its subjective sense.

If, then, value arises from demand, from human desires, from the affection of the mind, it seems to me almost a waste of time to even discuss the question of a material standard of value. Gold is no more capable of measuring mental affection than of measuring love, honor, anger, or devotion.

The contemptuous manner in which the editor of Liberty disposes of a "monetary system professing to estimate concrete values in terms of a valueless abstraction" may be fittingly applied to a monetary system which undertakes to measure the ideal in terms of some substance.

Mr. Bilgram says: "As a matter of fact, if weight is an intrinsic property of matter, so is exchange value." This statement from a scientist is indeed surprising, and I am now less astonished at his failure to comprehend the nature of value than I should otherwise have been. Here again he accepts the popular notion which confounds weight with mass.* Before Galileo's experiments with falling bodies, and Newton's discovery of gravitation, this error was natural. But since then scientists have regarded weight not as an intrinsic property of single bodies, but as a force subsisting between pairs of bodies. It is merely for convenience that weight is even thought of as being the property of a body.

"We speak of matter," says Mr. Bilgram, "possessing a certain property, if it is capable of producing, under certain conditions, a certain sensible effect." Will Mr. Bilgram kindly tell the readers of Liberty what sensible effect "value" produces by which commodities that are said to "possess" it may be at once recognized? By what method of physical or chemical analysis may we discover and measure it? Which of the senses does it affect?

While "A Scientific Solution of the Money Question" contains very much more than those subjects my critics have selected for criticism, they are right in making my treatment of the standard of value and the ideal unit of purchasing power the most important portions of my book. My chief object has been to utterly annihilate the gross absurdities involved in the conception of a "material standard of value," and to show the fatal results which the belief in such an institution must inevitably lead to in commerce. In my judgment, it is the sheerest folly to talk of establish-

the shore. If, by unloading one vessel, we cause it to rise, say 3 feet, above the deck of the other, we shall find that both vessels have altered their positions with regard to the fixed point, the one rising less than 3 feet and the other falling, these distances from the fixed point depending upon the size of canal and displacement of water. Our invariable unit corresponds to the fixed point upon the shore, and the two vessels to two commodities.

* I think it is Clerk Maxwell who defines weight as the resultant of the force of the earth's gravitation and of the centrifugal pressure from its axis of rotation. It is quite rational to imagine a body so far removed from the earth and planets that gravitation would have little or no effect upon it, in which case we should have mass without weight. The spring-balance is also a demonstration of the fact that weight is a force, and not, strictly speaking, a property of matter.

ing a free monetary system based upon a gold or any commodity standard. Apart from the absurdities to which it commits its devotees, it entails, and must always entail, upon mankind one of the greatest curses with which the world is and has ever been afflicted — and that is the power of individuals to increase the indebtedness of the people.

Gold, as we know only too well, is an article of scarcity. It is easily "cornered," and hence admits of artificial variations in its purchasing power. While its demonetization, or release as the currency medium, would cause it to depreciate, its utility in the arts could always be depended upon for producing a sufficient market by which to manipulate its price. We should then be in a similar position to a tailor who, borrowing so many yards of cloth and agreeing to return a similar quantity of equally good cloth a year later, allowed his creditor to make his own yard-sticks. On the principles of the average banker, the creditor would find few conscientious scruples in making the yard stick double or treble itself during the year.

Of course, the fact (before mentioned) that a commodity standard involves the paradox that the purchasing power of the total wealth of a nation can increase and decrease without any physical change taking place in its total mass ought to be a sufficient argument to clear this nonsensical belief in a "material standard of value" from the mind of any rational being.

If, for instance (to take an extreme case), we used the reindeer of Lapland as a standard, every variation in the supply of, or demand for, reindeer in Lapland would cause corresponding fluctuations in the wealth of this country, and, by a system of reindeer extermination, we might reduce our wealth to the zero line.

I pass now to Mr. Bilgram's criticism of my definition of money. Mr. Bilgram, like very many other writers, looks upon money somewhat in the light of a divine institution revealed by some supremely wise being to the ancients, and that our only means of determining the true theory and nature of money is from the records of the distant past.

I regard money, not from the historical, but from the practical, standpoint. My aim has been to see, not what system was the most *historically* correct, but which is the most *economically* beneficial. I should as soon think of studying the ancients in order to establish a system of transportation as of studying them in order to copy their system of economics. It is quite probable that gold and silver did assist exchanges at a time when horses were traded for cows, and so on. But with the invention of credit these barbarous metals were relegated to the rear and to such a degree that they do not enter into exchanges to the extent of more than two or three per cent. of the total commerce of the great mercantile nations of the world. And, as soon as men's minds become cleared of the superstition and fetichism of gold and silver, these metals will disappear entirely from monetary systems.

When Mr. Bilgram can satisfactorily explain away the economic gain that paper money has been to the world, — paper money such as the paper dollars that were neither "definite quantities of exchangeable commodities" or even "promises to pay definite quantities of definite commodities," — he will be one step nearer the establishment of his system as an *economic* system than he is today. I need hardly point out to any intelligent reader of Mr. Bilgram's book how completely he gives his case away by advocating a system based upon promises to pay certain quantities of gold. Mr. Bilgram knows and admits that a purely gold currency is impracticable and impossible, owing to the scarcity of gold. To make up this deficiency he proposes to issue promises to pay gold; hence there must always be more promises to pay than gold to redeem with at any one time. Now he insists that money — dollars — must represent definite quantities of commodities. And, if issued upon a specie basis and made redeemable in gold, they must represent just so much gold.

Supposing under his system the United States issues, as it would have to (in order to satisfy the present demands of business today), promissory notes to the extent of $3,000,000,000. The total amount of gold available in the world is estimated to be less than the equivalent of $3,800,000,000. If Canada joined in this system, the total issue of notes by the North American continent would unquestionably exceed the equivalent of the world's total supply of gold. If Europe adopted the system, these promises would become many times this amount. If to this legal currency be added all the individual and corporation promissory notes of a similar character, we should have — as we have today — at least promises to pay $100 of gold at one time for every unit of gold in existence; which must involve the absurdity, according to Mr. Bilgram's ideas, of there existing at one and the same time 100 equally valid rights of ownership to one and the same thing, and that each of these rights becomes in itself an economic satisfaction and an equivalent of 100 different commodities, each having the purchasing power of 1 dollar.*

I have never yet seen a clear distinction drawn between a pure barter and a commodity-money system.

"When material products are exchanged for material products, the transaction is termed barter," says Macleod.

If money is wealth, then the use of money is simply barter. Otherwise we are forced to Macleod's absurd position that wealth is not necessarily a material product; in other words, that wealth can be created outside of the factors of production.

But Mr. Bilgram tells us that "money overcomes the difficulties attending a pure system of barter" ("A Study of the Money Question"). Not the least of these evils is "the improbability of coincidence between persons wanting and persons possessing." In spite of the fact that gold is not wanted in commercial transactions, as is evidenced by the fact that the vast majority of those who hold promissory gold notes never seek to convert them into gold (a fact also recognized by Mr. Bilgram, when he says "redemption on demand is not necessary"), — in spite of this, he insists upon the maintenance of the gold-redemption system. Mr. Bilgram is unable to comprehend a denominator of value unless it "has value." He tells us that "a denominator, a unit, and a measure are synonymous," and that "a denominator of length must have length, a unit of weight must have weight, and, by all the rules of logic, a denominator of value must have value."

Let us see. We measure pressure by a scale of length. Similarly with heat — as in the thermometer. If these scales were affected by changes in temperature and pressure, as Mr. Bilgram's "rules of logic" lead him to suppose they should, they would be useless as *measures* of heat and pressure. His "rules of logic," therefore, don't work.

Mr. Bilgram thinks my definitions confusing, — as when I define money in rotation as "credit, debt, a system of numbers, a measure of purchasing power, a denominator of values, and yet not a measure of values." If these definitions are taken as they occur in my book, there will be little difficulty in arriving at the ideas they are intended to represent, and, after all, this is what words and definitions are for. Credit and debt are correlative terms, and imply each other. There can be no credit without a debt, as there can be no father without a child. And I have stated that credit and debt are merely two different aspects of the same transaction. A denominator of values is, in the very strictest and most literal sense of the words, incorrect, and I plead guilty to the error. I should have said a denominator of the *expressions* of values. Values are ideal, and are only capable of numerical representation. Hence a denominator of the *expressions* of values is a number.

As illustrating this distinction, I may cite an analogy between values and thoughts. Language is the expression of thoughts, and can be translated into or expressed by various symbols or words, which we call French, German, English, etc. But we do not so classify the thoughts. We do not speak of German thoughts as distinct from English thoughts. This may serve to illustrate the distinction between values and their expression.

Mr. Bilgram has failed to see that, in my speaking of "the value of horses in terms of mules," I was showing the absurdity of the theory of value which he advocates.

My critic also misrepresents me when he makes it appear that I represent a complete exchange as possible with a commodity on one side and a "valueless abstraction" on the other. I have distinctly shown that this is merely half a transaction; that the units represent a *deferred* equivalent in exchange, just as his promissory notes are supposed to. The great difference between his system and mine being that he must necessarily issue *more* promises to pay than he can live up to, without violating the principles he has himself laid down, while I propose to issue merely the representatives of a fractional portion of the total wealth. He ridicules a "demi-exchange," offering as a reason a dogmatic assertion regarding the nature and character of exchange, — an assertion which, if true, completely upsets the very system he himself advocates.

In conclusion, I am quite willing to confess to my critics that my book is far from perfect, — that it contains errors which, were I re-writing it, I should avoid, and which in future editions I purpose eliminating. One of these is my failing to always adhere strictly to the definition given by me to certain terms. My excuse, however, for this — and I have acknowledged it in one or two foot-notes in my book — is that I was desirous of conveying my meaning to the *average* mind, and I ventured to use terms in their popular significance to this end, and in order to bring out points that might not otherwise be understood.

Had I been writing for scientists alone, I should have written differently. I admit frankly that in this respect I am open to criticism. The chief errors of my book are, however, certainly not what my critics strive to point out. The main point of their attack I believe to be — nay, I am certain, is — the most invulnerable portion of the work, and I willingly take my stand upon that ground which asserts that *the material cannot function as a standard or a measure of values, and that numbers furnish the only means for their expression.*

Here I must pause, as I have far exceeded the space I had intended confining myself to. I shall some time later answer all the other points of Mr. Bilgram's criticism. For the present, however, I claim to have answered completely and fully the main points of his and Mr. Tucker's attack, and to have vindicated my claim regarding the possibility of an invariable unit of purchasing power. And I call upon the editor of Liberty to either refute what I have here said, or to publicly retract the harsh things he was led, in his ignorance and haste, to say regarding my work.

Arthur Kitson.

* If it is non essential to make gold-promissory notes redeemable on demand, why is it necessary to make them redeemable at all? If redemption can be postponed thirty days, why not sixty? And if sixty days why not one year? And if one year, why not one hundred years? By introducing this postponement-of-the-time-for-redemption clause, Mr. Bilgram destroys one of the principal features of currency, which gives it its circulating power. This feature is *power to procure any commodity to the extent of the purchasing power of the note, on demand.* It would require omniscience for a man to be able to tell exactly what his wants may be thirty days hence. And when those wants arise, his money must have the power of procuring him the means of satisfying them immediately. If he is compelled to wait so many days, the desire may have disappeared. Either gold must — like every other commodity — be procurable *on demand,* or it is unnecessary, and can therefore be wholly discarded from a monetary system. I have all along contended that notes issued upon any commodity-standard basis must be redeemable *on demand* in that commodity, or else the standard basis becomes a fiction.