

We might generalize this currency under the appellation of money representatives or money promises. It is essential to keep in view the important distinction between legal tender and these money representatives or promises, for it is by the consideration of just this very distinction that we shall be able to explain the present ominous state of affairs. For all these money representatives and promises, with which at least 99 per cent. of the world's business is done, are liable in the last resort to a demand for payment in real legal tender money, of which only one pound sterling exists for every thirty pounds thus due. Our business is really done in a credit building thirty times as high as the money basis. This tells all. It explains the permanent financial crisis, temporarily degenerating into a financial panic, and the growing difficulty of supply meeting demand. Both are practically unlimited. Not only could we, were we allowed, produce many times as much wealth as we actually produce, but we also would like to consume much more than we are actually doing. We can neither do the one nor the other because money—the blood of the social body—is not abundant enough to perform its work of keeping up circulation sufficiently active to provide all parts of the body with the nutriment required for the untrammelled development of the organism. This state of things is responsible for the unequal positions taken up in our intercourse by merchandise, *i.e.*, by labour and its products on the one side and by money on the other. Merchandise is running after money, is making extraordinary efforts to exchange itself for money, while King Money haughtily selects whosoever can afford to accept the often ignominious conditions he imposes, strong in his monopoly based on a scarcity, artificially increased by speculating money dealers. Need I describe the state of things we all are so familiar with: the daily hurry and worry of millions to obtain the means to prolong existence by finding somebody with money, or its substitute, ready to buy their labour or its produce, often vainly offered in the market; when in fact what

they all really need is each other's product? Each wants to be the other's customer, and they cannot meet without the permission of those who control the money stock of the country and the credit building erected on it, who alone have the right to dictate what money representatives shall be admitted and which refused. Not that I blame them, these capitalists and their bank managers, if they are ultra cautious, if they demand securities which only the few select can supply, the products of labour taking the last place among these securities, just because of the ever-present danger of their unsaleability, except at ruinous prices. During the panic of 1857 the principal staples fell twenty-seven per cent. in the London market within two weeks, and whenever goods have to be sold at any price to pay urgent debts, we need not even wait for a panic to see much greater price falls, which are nothing but the exorbitant price demanded for money. We must not forget the thirty promises for every single reality, and the scramble sure to follow in every case where a certain number of the parties holding those bills, mortgages, cheques, banknotes, etc., do not accept new bills, mortgages, cheques, and banknotes, but, for a time anyhow, want to see the real money, the gold sovereign, of which our New Zealand possesses only three millions against ninety millions she and her people are owing. Prices fall everywhere. At such a time factories worth fifty thousand pounds may realise five thousand, farms are sold with stock and inventory, the proceeds not even paying the mortgage, though only a fraction of the cost price has been borrowed upon them; and because such times arrive occasionally, caution must be exercised even in normal periods. This is the picture we all are familiar with, upon which I need not further enlarge.

And now to that offered under a reformed money, under a paper money issued or restricted according to the necessities of the market indicated through the price thermometer. Prices fall if money is scarce, and low prices are the signal for a new issue