

are settled by a transfer of "Credit," and without the use of any gold coin.

Were the supply of money controlled and regulated on more reasonable principles, and thereby in greater abundance, it is probable that the quality of legal tender would become of much less importance than it now is. I leave this point to be dealt with more at large by the succeeding writers. While the chief function of money is to form the medium of exchange, it has other important uses. It is one of the requisites of industrial production; both as the connecting link between the various steps in such production (where it acts chiefly as a medium of exchange), and also as furnishing the means by aid of which industries can be started. In this latter use it may be classed as Capital. The larger part of capital consists, however, of saved products of labour, *i.e.*, labour changed into the form of buildings, or machinery. Industry will usually be prosperous or the reverse partly according to whether there be sufficient money available for use in connection therewith. Money may, therefore, rightly be spoken of as a "Stimulus to Production."

Money is also the "Purchasing Power" of the world; and it greatly depends upon how this purchasing power is distributed, whether a nation will be prosperous or the reverse. Space will not allow of this aspect being enlarged upon.

Money as the "Store of Value" exercises an important influence upon society. Saving or Thrift, is almost universally extolled. But that which can be "saved" simply claims on society at large. Justifiable to a limited extent, when it is a provision for old age or misfortune. The extent to which it is carried nowadays, in the heaping up of immense tribute claims by a comparatively few, against the mass of the people, forms a

menace to the future progress of civilization.

In what way money constitutes the Measure of "Standard of Value" can be only just hinted at. The general consensus of opinion amongst writers on the subject is that prices in general depend upon the proportion between the total volume of goods to be exchanged and the total volume of money available with which to effect the exchanges. It may be difficult to ascertain what the proportion should be; but, were that known, it would seem that any great variation in prices could be checked by controlling the volume of money. It is a matter of serious concern that prices should have fallen so greatly and continuously, thereby inflicting great hardship on debtors who contracted their debts at a time when products were, on an average, greatly higher in price than they are now, to the corresponding benefit of creditors, who receive back their loans in money now worth (relatively) much more than when lent. If there can be said to be any existing standard of value, it is not a stable one. All values are relative, and probably the only method by which a standard could be got, which would vary but slightly, would be by taking a number of leading products, and forming a tabular standard, as has been proposed by Professor Jevons and others.

I have now described the various forms of money, and most of its purposes.

If any reader objects that my definition of money includes too much, or that I ought to have used the word currency instead, I reply that the meaning I have given to the word is that usually understood by people in general when speaking of money and the money market. When we wish to express the meaning of legal tender, or coin, or gold, those words are available, and they all have distinct definite meanings.

## A PERFECT MONEY AND ITS EFFECTS

BY MICHAEL FLÜRSCHHEIM.

WHAT is a perfect money?

A money can only be perfect if its supply always corresponds to the demand of the

market in such a way that the average prices of merchandise do not vary. We must always bear in mind that money is not