DAILY PEOPLE

VOL. 8, NO. 162. NEW YORK, MONDAY, DECEMBER 9, 1907. ONE CENT.

EDITORIAL

MONEY—WHAT IS IT?

By DANIEL DE LEON

“MONEY is not wealth at all.

“Money is a mere makeshift—a scheme invented by men to make trading easy.

“Money represents real wealth, that is all. It is a token, like a soda water check in a drugstore.”!!!

Thus, during the height of the still rumbling financial panic, spake the sapient bourgeois reformer and dark horse aspirant for {the} Democratic presidential nomination in 1908, Wm. R. Hearst, through the mouth of his paid editorialist on the *New York Journal*.

A greater number of heels-over-head errors on a vital problem of economics—a problem, moreover, thrown into full illumination by the happenings of the day—it would be hard to find elsewhere compressed into so small a compass. Every statement there made is false and fatally so; for (1) Money IS wealth; (2) it is NOT a mere makeshift; (3) it is not the mere REPRESENTATIVE of wealth; and (4) it is NOT a “token, like a soda water check in a drug store.”

(1) Money is wealth. Wealth consists of commodities. Commodities possess value because of and in proportion to the amount of socially necessary labor requisite to their production. A storehouseful of shoes or of pocket handkerchiefs possesses value and is wealth. It does so just because it is the crystallized form of a certain amount of the source of all wealth, viz., social labor. Gold requires for its production, also, social labor. The very fact that it has almost universally been chosen as the standard monetary metal is due to the further fact that it contains crystallized in it a GREAT DEAL of social labor, hence it concentrates a great deal of value into a small space, and becomes a convenient medium of exchange. The present relative rise in the prices of commodities, due to the decreasing value of

gold, due in turn to cheaper methods of gold production, also proves that money has value, and as such, is wealth. The same as pocket handkerchiefs or shoes, gold embodies in itself social labor, and necessarily therefore is wealth. Indeed, a storehouseful of gold would be worth many hundred times more than the same storehouseful of either of the two commodities named. How absurd, then, to say that money is not wealth!

(2) Money is not a mere makeshift. To say so is utterly to ignore the history of money and of commerce. As well say the trigger to a gun or the shaft to an ocean liner is a "makeshift" because without them neither the gun nor the steamship could perform its function. Triggers and shafts had both to be invented before the Colt's revolver or the Lusitania could become a possibility. Money had first to be invented before the modern world of commerce could have grown up. Makeshifts are temporary things to be cast aside when the need for them has passed, without involving therewith other great and voluminous changes. Money can not be cast aside without at the same time casting aside the present economic system of private production for private gain. How both of these may be done together will be indicated further on. But under present conditions money is no makeshift. It is part and parcel of the system.

(3) Money is not the mere representative of wealth. As shown before under (1), it IS wealth, and it is nonsense to say a thing "represents" itself. What money does represent is other commodities, but it is no less wealth than they are, nor are they any more wealth than it itself. Money is used as a measure of value, true; but that is only a case of stating diffuse wealth, embodied in cheaply produced commodities (kerchiefs or foot-gear), in terms of concentrated wealth, embodied in a dearly produced commodity (gold); it is not stating wealth in terms of something that is not wealth. The paper money in common use may perhaps be thought to "represent" wealth. In the strict meaning of this article, this is not so. Every paper bill in circulation bears on its face the legend, if it be a coin certificate: "This certifies that there have been deposited in the Treasury of the United States (so many) silver (or gold) dollars, payable to the bearer on demand"; or, if it be a bank note, "The — — National Bank will pay to bearer on demand (so many) dollars." These statements mean that the slip of silk fibre paper which bears them, and which was issued

merely for convenience in carrying and using, has behind it an actual coin dollar for which it supposedly can be redeemed, and on the basis of which it, the paper dollar, is able to circulate and figure in exchange. All the time the paper dollar is ostensibly performing purchases, it is really the coin dollar lying in the U.S. Treasury or National Bank vaults which is doing the work. The paper dollar is merely a convenient symbol or voucher for the other's existence; the paper dollar "represents" wealth only in so far as it stands for the coin dollar. The coin dollar does not "represent" wealth, it IS wealth. Hence it can not properly be said of money that it merely "represents" real wealth.

(4) Money is not a "token, like a soda water check in a drug store." The soda water check may be of paper, pewter, or celluloid. It has no intrinsic value at all commensurate with its power of procuring soda water. Money, on the other hand, has and must have, as has already been shown, intrinsic value of its own, due to its concentrated embodiment in itself of social labor. Without this, it would not be unquestioningly and universally accepted, as it is. Were money as cheaply producible as the paper, celluloid or pewter soda checks, no one would be willing to accept it in exchange for his laboriously produced commodities; nor could he legally be compelled to: Money, therefore, can not be a "token" merely; it must be hard, actual wealth, whether in gold or silver; paper only figures by being the official proxy for one of these.

But why, it will be asked, can not money without intrinsic value be made to circulate, the same as the intrinsically valueless soda checks? The reason is that the same concern, the drug store, which issues the soda check for value received (i.e., the nickel or dime paid for it), stands ready to redeem it with a specified equally valuable quantity of cooling liquor. IT IS THE SAME CONCERN WHICH ISSUES THE FIAT CHECK AND WHICH STANDS READY TO REDEEM IT. In present individualistic society, no capitalist would be fool enough to honor with goods a fiat check issued by any other capitalist. He would be giving his valuable goods for a valueless piece of paper, which he could never get the value of his goods back for. Value-ful money is a necessity of private production, a sort of protection for each capitalist against being swindled by all the others. Before intrinsically valueless money can be made to circulate, a condition must first be established in which it is the same concern which both issues the money and is ready to redeem it. Not until the coming of Socialism, when the people collectively shall control industry, can such a condition be established, and the taker of such money be guaranteed that it shall be good. Not until then, accordingly, can intrinsically valueless money come into use. Then, in the form of the "time-labor checks" of the Socialist Republic, it will be the only money necessary. But to speak of "token" money before that condition arrives, is to speak of mammalian life on the earth before the land was divided from the waters.

Transcribed and edited by Robert Bills for the official Web site of the Socialist Labor Party of America.
Uploaded November 2009

slpns@slp.org