

the terrible mark which humanity has everywhere now received upon its forehead and in its hand, and nowhere chiselled deeper than throughout English society!

It is necessary in this review, to consider in what sense money is a medium of exchange. Everybody is familiar with the phrase. But even this matter, simple though it appears to be, requires close examination. Labor is embodied in the money when it is dug from the mine, and that labor remains in it wherever it goes. It is thus as much an article of barter as any article purchased, and transfers your labor as truly as labor is transferred with that article. There can be no true barter or exchange unless labor or labor value is transferred by both parties. If I dig a piece of gold from the mine and barter it for a quarter of grain, the labor of each party is really and equally exchanged. In that act, the gold is not, any more than the grain, a medium of exchange, for labor value is given on each side, and the act is complete and finished. This view disposes at once of the silly notion which has occasionally been set forth that money is only a ticket or counter. The gold becomes what we understand by a medium of exchange, because every one is willing to buy or to exchange the products of his labor for it, yet in every such case it is just pure barter. It is essential that every circulating medium should have labor value embodied in it, unless we sacrifice the essential principle in barter, that upon which all true exchange is founded, labor for labor. Any other currency, in itself valueless, can only exist, or hold its place, through a universal suspension of payment. Money, in the act of exchange, does not transfer values in any way different from what is done by wheat, flour, shoes, or clothing. Strictly speaking, it is not *because* gold is a medium of exchange that it is an article of barter. It must be so, but it must be something more. It must have, in addition to its labor value, certain definite qualities in combination, the effect of which is immediately to spread it over the fields of industry as a general medium of exchange. In a general sense, therefore, gold and silver may be spoken of as media of exchange, but in a special sense, or in the act of barter between man and man, these metals never act as media or instruments of exchange. *They are themselves exchanged as products of labor; never as media of exchanging something outside of, or independent of themselves.*

The keen witted Frenchman, M. Bastiat, fell into a rather serious error with regard to money. In pointing out this error I by no means wish to depreciate his brilliant writings. Of course I differ from him entirely in the views he entertains in his Essay on Capital and Interest. However fascinating his style, there is little there, I think, to satisfy a really enquiring mind, and he has certainly gone far wide of the truth in his justification of capital and capitalists. But his essay, "What is Money?" is, this one error apart, replete with beauty and significance, and contains passages indicative of a really great mind. M. Bastiat, in estimating the true function of cash, held that a trader, in receiving money, had not received a real equivalent—that he only held, as it were, a sort of certificate—that in holding a crown piece, he became a creditor of society, and that society stood to him in the relation of a debtor. According to this theory, we must of course believe that the man who gives a piece of money in exchange does not give a