In addition to and growing out of its use as the medium of exchange, money has two other important uses: a common denominator of values, and a standard of deferred payments.

Common Denominator of Values.

Money aets as a common denominator of values; that is, instead of expressing the value of various articles in terms of each other, instead of saying that so much copper is worth so much tin, and so much lead is worth so much iron, and so much wheat so many pounds of beef, we can express the value of at these things in terms of money. And, knowing their value in money, we can easily deduce their value in terms of each other. We measure value by money, just as the tailor measures the length of a piece of eloth by the yard-stick.

Standard of Deferred Payments.

Money also serves as a standard of deferred payments, because its value is-or should be in a good money-more constant than other values. If our standard of deferred payments were potatoes or grain, a debtor would naturally borrow these articles in the spring when they are searce, and pay his debt in the autumn, when they are abundant. The result of this would be that no one would want to lend, because the value of the potatoes or grain which he would receive in the fall would not be equal to the value of those he had lent in the spring. (Remember that value depends only on utility and searcity, and the value of an article that is scarce, as compared with the demand for it, is naturally higher than that of an article which is plentiful.) So, then, the creditor would be cheated if a loan made in spring were repaid in antumn. while the debtor would get the worst of it if a loan made in antumn had to be repaid in spring. Even if loans all ran for a year, the creditor would lose if he made a loan at the harvest of a scarce year and received his grain or potatoes back at the harvest of the following abundant ye for ou va as

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