In the first or "barter" stage goods were exchanged for goods. In the second stage certain goods had acquired an exchangeability greater than others, and were accepted not only because they had utility for human uses, but also because they had this additional utility of exchangeability. People accepted them not because they desired them to use, but because they knew they could get by trading things they really did want for use. Thus these special commodities, such as beaver skins, beads, tobacco, etc., came to have a value quite apart from their commodity utility. We shall see when we come to the study of "value" that one of the principal factors which confers value on goods is utility. This extra exchange utility is the most important element in the value of money.

14. *Barter.*—The limitations of exchange by barter are obvious. The two objects to be exchanged must be of approximately equal value or the difference must be made up by adding smaller articles until an equivalence of value is reached; otherwise no exchange can be made. If one man has a skin which he wishes to trade for food, he must find somebody with a surplus of food who wants a skin. If the skin is very valuable the owner might be compelled to take a large quantity of food at one time, perhaps much more than he wanted. In the barter stage, therefore, exchange was so clumsy and uncertain that it was of necessity incidental rather than essential in economic life. It was hazardous for men to set about manufacturing articles for which they had no use themselves and expect by exchange to obtain the necessities of life. In this stage the market for products was very uncertain and could not be depended upon.

15. *Money.*—Money is a commodity, as we have seen,