

considering him as possessed of a million dollars. Unless we think clearly on this point and rid ourselves of this error, we are likely to find ourselves blocked in dealing with problems in money and banking.

The value of money, except in the case of metal coins, which have a commodity utility, is dependent upon its convertibility from property into goods. If everybody attempted to convert the money and credit in the world into goods simultaneously, money and credit would lose its value entirely. It is only because there is a real need for this particular kind of utility in making exchanges that the value of money and credit is maintained. The value of money and credit, then, is dependent entirely upon a habit which people have of accepting them in exchange. When there is any reason to doubt that money and credit will be accepted, we find its value shrinking away and are confronted with the phenomenon of a depreciated currency.

20. *Classification of wealth.*—There are two kinds of economic goods: "Consumption goods," which have direct utility and satisfy a human want, and "production goods," which have indirect utility and assist in producing consumption goods. The value of production goods is entirely dependent upon the consumption goods which they help to produce, just as the value of labor is derived from its product. If production goods or labor is so limited that it can produce only goods which have no market value, they are themselves valueless. Workmen may be ever so skilled in certain lines of work, but if the product is unmarketable they will look in vain for employment. The machine may have cost \$10,000, but nevertheless may be thrown upon the scrap heap to-morrow if the product ceases to be purchased by consumers,