

to be counted nil, while the other will cost its own nominal value to reproduce. But this facility of production in the cheque does not detract from its efficiency as an instrument; on the contrary, it enhances it. Spades and steam engines would be much more efficient aids to production, that is, would contribute a much greater net increase to production if they could be produced as easily as cheques. For the gain to industry due to any given instrument may be measured by the gross increase due to its use, less the cost of producing it.

Say it would take 100 men 12 months to excavate a given length of canal with picks and shovels, which they have already got, while they could do it in 9 months with a steam excavator, but it would take them (or 100 other men) a month to make the excavator. Then the gain due to the excavator would be 3 months less 1 month = 2 months; while, if the excavator could be produced as easily as a cheque, the gain would be the whole 3 months without any deduction. The smaller the cost then of producing any instrument, the greater the gain due to its use.

MEDIUM OF EXCHANGE.

Money in its concrete form of coin, cheques, notes, is said to be the medium of exchange. It is rather a contrivance for deferring the completion of exchange.

If I exchange £100 worth of grain for £100 worth of cloth, the money is not wanted. The two commodities change hands, and there is an end of the matter. The money only comes in ideality, as a measure of value. But if I want to throw my grain into the general stock, thus getting rid of the trouble and risk of keeping it, and do not want cloth or anything else in

particular just then, but do want some token to hold good my claim for a deferred exchange of £100 value of goods of some sort, then I take money—coins or a cheque, I don't care which. The matter stands thus :—

A community that uses coins for exchange instead of resorting to tedious barter, and still more, a community that uses cheques instead of coins, effects a great saving of labour, just as a savage, who uses a pointed stick for digging up roots instead of grubbing them up with his finger nails, effects a great saving of labour.

Cheque and stick alike are thus most efficient instruments of production—represent most effectively that third factor by which labour achieves its results, and do so none the less but much the more in that if either of them be destroyed, it can be reproduced without difficulty and without cost.

THE "TYRANNY" OF CAPITAL.

Capital has been described as that by which I can command the services of others. How far is this correct ?

If capital means money, then it gives its owner power over *goods*, but not over men. If it means instruments, then it gives its owner power over *nature*, but not over men.

CAPITAL AS MONEY.—If I have £100, that £100 will command £100 worth of goods if their owner chooses to sell them ; but it cannot compel him to sell them. If he chooses to sell them, then, indeed, my money commands his goods, but so also do his goods command my money. It is an exchange on equal terms. Neither party has any command over the other.

So also with services as with goods.