CHAPTER III.

The Abuse of Money in Social Service.

When I spoke of the use of money in social service, Doctor, I ventured to call that branch of the subject its "healthology," in contradistinction to its pathology, which I should like to talk about now, if you don't mind.

You musn't blame me for inventing a barbaric word for the antithesis of "pathology." A more scientific one I could not think of, and the thesaurus doesn't help me out. We have no word, have we, which denotes the science of health as comprehensively as "pathology" denotes the science of disease? How significant this is of the channels in which the scientific mind has run in human history—how suggestive of a tendency to prefer the study of disease to the study of health. That is an indictment, Doctor, to which your profession would have to plead—"guilty," I was about to say,—but we may mercifully let it off with a "nolo contendere." You needn't blush. All of us might be grateful to get off as easily. I will confess to you in confidence that even the law is a hotchpotch of pathological instances instead of a science of righteous principles. And isn't this true of all the sciences that we may distinguish as sciences of tendencies? They seem to be tangled up in the puzzling coils of empiricism. And of none is this more strictly true than of the science of social service. While your profession, in spite of its entanglements in empiricism in the past, has begun to get glimmerings of the beneficent principle that in the long run it is good health that is "catching" rather than disease, the science of social service is still groping in pathological mazes. This is where that "root of all evil" quotation comes in with reference to money —on the pathological side of the subject.

We were ready to agree, were we not? that the love of money—not money itself, but the love of it—is the root of all evil, and that this is because the love of money is equivalent to love of dominion over our fellow men. Then what do you say to a little elaboration of that thought?

Love of dominion expresses itself socially, in its crudest form, as chattel slavery. You remember the great preacher—Wilberforce, wasn't it? or was it Wesley?—who denounced slavery as "the sum of all villainies." Whoever he was, nobody ever spoke a truer word. It is only less subtle, not less true, than that the love of money is the root of all evil; and if we would know why this is true of love of money, we may find out by asking ourselves why slavery is the sum of all villainies. The answer is that slavery involves an assumption of the right, and implies possession of the power, to commit every kind of crime that man can commit against his brother man. Doesn't it comprehend the power, the assumption of the right, and habitually the act itself, of appropriating the slave's earnings—which is theft? Doesn't it comprehend the power, the assumption of the right, and sometimes the act itself of forcing the slave's body—which is rape? Doesn't it comprehend the power, the assumption of the right. and sometimes the act itself, of taking the slave's life—which is murder? If there are any other villainies worth mentioning, you will find upon considering them that slavery comprehends the power, the assumption of the right, and the act itself (occasionally if not habitually) of committing them all.

Wouldn't you agree, then, that love of slavery is the root of all villainies? You can't deny it without denying that the slave is a fellow man. For what does love of slavery imply but a ruling desire to commit the villainies—one or some, some or all—that slavery permits? and what is a ruling desire to commit villainies if it is not the root of villainies? Well, love of money is essentially the ame thing as love of chattel slavery.

It is love of slavery in refined and subtle forms—in forms in which you will find, despite their superficial refinement, every villainy that lurks in chattel slavery. There is the same love of appropriating the earnings of others. We call it by milder names, because it takes the form of free contract; but you and I know that most labor contracts are not free except in form. The freedom of the ordinary worker in selling his services for wages is something like that of the boarding-house resident of whom the comic papers used to tell. He asked the waiter what they had for breakfast and got this brisk reply: "Salt pork and shad—shad's all gone—which'll you have?" To love money is to wish to be able to compel social servitors to give more service than they get. And isn't this the essence of stealing as truly when it is masked in a pretense of free contract, as when it candidly takes the form of chattel slavery? But stealing is not the only villainy which, comprehended in slavery, is also an evil of which love of money is the root. There is likewise rape. Society knows of it in the love-of-money guise as prostitution, and places the blame upon the victims; but you and I know that prostitution is far less a result of feminine unchastity than of economic coercion. And we are beginning to see, are we not? that love of money is the root, not only of stealing and of rape but also of murder. Society may not be able to accuse anybody as one of the murderers, but there is murder nevertheless. You don't suppose, do you, that men and women and children throw away their lives in deadly vocations and disease-breeding homes, for their health?—women, mind you! and little children! Mrs. Browning's pathetic "Cry of the Children" would bear this year's date as well as that in which it was written, and it was no fable when she wrote it. Is it a voluntary sacrifice, then, this waste of lives—a voluntary sacrifice for the common good? Wouldn't that be excessive devotion by the poor? It is only the poor, you understand, that sacrifice themselves in this wholesale way, regardless of age or sex, to the insatiate demands for unrequited social service. Then why the sacrifice? Ah, Doctor, you and I know, for we have seen somewhat of the ups and downs of life, that the abnormal mortality of what we call "the working classes"—those whom we unconsciously compliment with the implication that they alone eat their bread, such as it is and what there is of it, in the sweat of their own faces—we know that the excessive mortality of that class results from economic coercion. Through pretenses of free contract, expressed in the language of money, they are coerced even unto death, as truly as if they were chattel slaves cringing under the murderous lash of an overseer. The lash of an overseer! What is that, to hunger and cold? or fear of it, to fear of hunger and cold?

> You can speak the keenest word,
> You are sure of being heard,
> From the point you're never stirred,
>   Hunger and Cold!
>
> Cheeks are pale, but hands are red,
> Guiltless blood may chance be shed,
> But ye must and will be fed,
>   Hunger and Cold!

The "hideous lusts" of Hunger and Cold which

Lowell's democratic stanzas describe, are the coercive force of our time. They supply vitality to the villainies of slavery in social conditions where a crude chattel slavery has given place to subtler forms. Under false pretenses of freedom of contract, disguised in the legitimate language of money, slavery still holds sway. We cannot make individual beneficiaries of this slavery responsible as thieves or ravishers or murderers; for those offenses of our finer forms of slavery spring from subtle social maladjustments rather than individual aggressions. But don't let us fool ourselves, Doctor. The offenses themselves exist—stealing, rape, murder,—and have their roots in that love of money which, analyzing into love of slavery, into love of dominion, into love of getting service without giving service, is the root of all evil.

How often do we hear our friends say, "I wish I had plenty of money." Perhaps we catch ourselves saying it sometimes—thinking it at any rate. But why do we wish for plenty of money? Oh, to do good to others with, of course, and only incidentally to have an easy time ourselves! Is it earned money that we wish for? Do we wish to render service for it? Not on your life! if you will permit me the slang. What we wish is to escape the necessity of rendering service. It is not earned money, but "easy money" that we wish for.

Having money, we should have evidence of title to social service. But not having given service of our own for that evidence of title, somebody would have to lose the equivalent of any service that it bought for us. The person of whom we bought might not lose, or might not lose much; and if we could follow the economic history of all our purchases with that unearned money, to the very last item in the farthest recesses of raw-material production, we might not discover that any particular servitor had lost much through our lucky fortune. But in the great round-up of social services, every dollar's worth of service we bought with our "easy money" would be taken from somebody without compensation. As sure as arithmetic is arithmetic, this would be so. In the exchanges of social service by means of money there must be loss of service somewhere, if anyone gets the service of others with money for which he has not rendered corresponding service of his own. The loss might be spread out thin, like an insurance loss, but loss there would be.

Mind you, I am not saying whether getting without giving service is reprehensible. That depends. You gave service to me without getting service from me when you paid for my dinner at Joseph's; but this was hospitality. Your father gave service to you without getting service from you when he sent you to college; but that was an expression of paternal love and duty. Sampson paid you fifty dollars for his hired man's negligence in hurting your horse; but that was compensation for an injury. The bootblack who gave to a beggar the nickel you paid him for a "polish" this morning, gave a title to service without getting any service or title in return; but he did it voluntarily, out of the depths of his generosity and the shallows of his pocket book. If the beggar had forced the nickel from him, or the bootblack had dropped it and the beggar had furtively appropriated it, there would have been a different moral problem. But the social service fact in all those instances would be the same,—that somebody had given service without getting service in return. So would it be with our fellows in this world of social service were our wishes to come true. The social-service fact would be the same, however different the moral problem, if some potent fairy in the form of a special privilege under the law (the only form in which these fairies ever come) were to grant our wishes for "easy money." We should get service without giving service.

Most of us have to take these wishes out in wishing, though others are luckier. You, for instance, are luckier to the extent that you get royalties for allowing those Pennsylvania miners to dig for coal in what the law calls "your" natural coal deposit. But we are all virtuous enough when we indulge our amiable wishes for "easy money." Don't we vigorously vow a beneficent expenditure of most of it? Aye, indeed! we promise large sums to make the poor comfortable! But didn't it ever occur to you that this is uneconomical of energy? Why not wish for large sums for the poor directly, so that they may make themselves comfortable? Zangwill illustrates the generous disposition of "easy-money" wishers with his story of a pious man of dubious reputation, whose wishes for money took the form of prayer. "O Lord," he prayed, "give me a hundred thousand dollars and I will distribute fifty thousand among the poor." Then he paused, recollecting his doubtful reputation, and after reflection he added: "And, O Lord, if you can't trust me, give me only fifty thousand dollars and distribute the other fifty thousand among the poor yourself." The story points to that love of money which is the root of all evil. It is love of unearned money, love of titles to service for which no corresponding service has been rendered, love of getting service without giving service, love of something for nothing. This is what constitutes love of the abuse of money in the sense in which I am discussing its abuse.

For what we are trying to consider, let me warn you, is not the abuse which an individual possessing money may subject its expenditure to; but that abuse of the normal functions of money, as a medium of exchanging social services, to which it may be automatically subjected by pathological social conditions. Our question, therefore, is not whether services exchanged by means of money or in terms of money, are of a kind to merit the approval of virtuous people, but whether or not its function of effecting exchanges fairly is out of joint. The mechanism of trade, and not the personal morality of traders, is the object of our inquiry. Very likely we may use or abuse money by our modes of expenditure. Old Simon D. Sampson, for instance, might be said to have *used* money when he contributed to the building fund of our little church, and to *abuse* it when he buys his morning cocktail. But these uses and abuses of money are personal to him. They don't affect any right of yours or mine to get service for the service we give. By contributing money to the church fund, he directed to church-building, social services that he might have directed to the making of cocktails, which we may agree was a good thing for him to decide to do; by buying cocktails, he directs to the liquor trade social services that he might direct to church-building, which we may agree is a bad thing for him to decide to do. But so far as the exchanges of social service are concerned, neither of these things is either good or bad,—neither is a use or an abuse of money in the social service sense. Although his love of money for church-building purposes may have much to do with his personal character, with his individual vices or virtues, it has nothing to do with the fairness of his power over the labor of his fellow men. Although it may have much to do with his use or abuse of money in his choice of personal expenditures, it has nothing to do with the social use or abuse that the money serves in effecting exchanges of social service fairly or unfairly.

Don't you recall my saying that the use of money facilitates exchanges of social service fairly? That was when we were considering the "healthology" of the subject. Consider, then, that its abuse is the facilitation of exchanges of social service unfairly, and you have the pathology of the subject. Were you to ask me to distinguish between money in course of use, and money in course of abuse, I should say that money got in free exchange for services rendered by others, is to that extent, money in course of *use;* whereas money got without rendering service for it, unless a voluntary gift or compensation for some loss, is to that extent money in course of *abuse.* And I don't think that it makes any moral difference whether money got without service, and not as a gift or compensation for loss, is got against the law or by means of the law.

You needn't frame the question that is on your lips. Pardon my interrupting, but I know what you want to ask. It's about the gold standard and silver coinage, isn't it? Well, that is an aspect of the subject which, like every other special question regarding money, comes under the head of its pathology or its "healthology," its use or its abuse, according to the special circumstances.

At the outset it raises the curious question of "intrinsic value." Value cannot be "intrinsic," say some. They are right, of course, if they mean to deny that the value of an object is like its weight or length or breadth or thickness or sweetness or bitterness—a quality inherent in the object itself irrespective of every other object. Oh, yes, it may be true, if you wish to cut the thing so fine, that no object has any quality whatever irrespective of the sensations of another object—no value without a valuer, no taste without a taster, no smell without a smeller, and so on. But that is not the point. The taster or smeller is conscious of taste or smell, isn't he, regardless of comparison with any other object? But the valuer is not conscious of value, is he, without such a comparison? There you have the real point. Value alludes to a certain comparison of objects with one another. So I agree with those money-question disputants who say that there is no such thing as "intrinsic" value, provided they mean to deny that value attaches to any object irrespective of a comparison with other objects.

But I suspect that with this interpretation everybody else agrees with them. There is no controversy over the importance of "intrinsic" value money in the strict sense of the word "intrinsic." This controversy, like so many others in connection with social service, lives, moves and has its being in a confused meaning of words. Those who argue for or against money of "intrinsic" value are not thinking of value as an inseparable quality, such as qualities that affect our senses directly. Like all the rest of us, they are thinking of "value" as a term of comparison. But they take the comparison for granted, as something which everybody understands, somewhat as judges, dispensing with sworn proof, take judicial notice of the facts of common knowledge. The relative desirability and scarcity of objects being commonly distinguished in terms of value, as a result of habitual comparisons in the social service market, they see no impropriety or ambiguity, and neither do I, in using the word "intrinsic" to distinguish from the currency value of money tokens, the value of their material. We know, for instance, that a fifty-dollar greenback passes current for fifty times as much as a one-dollar gold-piece, although the material of the gold piece is worth probably 500 times as much as the material of the fifty-dollar greenback. Why is it not entirely proper, then, if we have occasion to talk about this difference, to say for short that the gold piece is money of "intrinsic value" and the greenback is not? We are not deciding the question of why the one is so much more valuable than the other as a money token while its material is so much less valuable as a commodity; we are only recognizing the fact, and fact it certainly is.

At any rate that is what the advocates of "intrinsic value money" do. They use the word "intrinsic" to distinguish money tokens made of material having a value corresponding approximately to their denominational value, from money tokens made of material of comparatively little or no value, or of value which does not correspond to the denominations. A better word than "intrinsic" might be found, but this word need not confuse. We can say, without ambiguity, that gold money, silver money, and nickel money, have different appreciable degrees of "intrinsic" value, and that paper money has hardly any.

In the gold and silver controversy both the gold metalists and the bi-metalists advocate money of full "intrinsic value." But the gold metalists contend that silver money is "unsound," because its coins are of much less "intrinsic value" than their currency stamp or denomination. The bi-metalists attribute this difference to the free coinage of gold by government and the refusal of government to coin silver freely at the old ratio of 16 of silver to 1 of gold. By this discrimination in favor of gold, so the bimetalist argument runs, gold is given a large market which is denied to silver—a market for use for money tokens—and it consequently rises in value relatively to silver. You see the point, don't you? The desirability of silver being by this discrimination diminished relatively to its scarcity, it becomes less valuable; but offer it free coinage, and its desirability (its scarcity remaining the same) would so increase as to restore the old equilibrium.

This argument for the free coinage of silver and gold at 16 to 1, turns upon what you have often heard of as the "quantity theory" of money, a theory which prominent gold mono-metalists have pretty vigorously disputed. They insist that the free coinage of silver and gold would not, and the free coinage of gold alone does not, affect their relative values. The desirability of a metal relatively to its scarcity, is not in their view enhanced much if any by coinage.

This argument is related, of course, to rapidity of circulation. A larger volume of business can be done with a given quantity of money if the money circulates rapidly than if it circulates slowly. That is plain enough. If 100 one-dollar purchases are made in a town in a given time with only one 1-dollar bill, that town doesn't need as large a volume of dollars, all other things being the same you know, as it would if it took two 1-dollar bills to make 100 purchases in the same time. The use of checks instead of money tokens has the same effect in this respect as rapidity of circulation. That also is plain, as you will realize if you recall what I said about banks and clearing houses. Consequently, the quicker the circulation of money tokens, or, what is the same thing, the more general the use of checks on banks, the less is the demand upon money material relatively to the amount of business done, and therefore the less the effect of coinage upon the value of coin metals.

But I don't intend to discuss the merits of this question. To do so would take me far afield into the mazes of gold and silver production, prices, and all that sort of thing—important enough to the experts, but not important in the more general relations of social service. It is not minute variations, but the general order of things, that you and I need to grasp. I have touched upon gold and silver coinage at all only to get at the general character of the controversy as a necessary preliminary to considering the bearing, one way or the other, of coinage upon the question of the use or abuse of money in social service.

Let me digress again, however, to say that the mono-metalists and the bi-metalists are not the only money philosophers. Against both sides to that controversy are the Greenbackers, whose ideas have survived their political activity, and who deny the utility and assert the wastefulness of using valuable material for money tokens. And between the Greenbackers and the "intrinsic value" advocates there is a group which stands for a standard unit of value measurement consisting of a definite quantity and quality of a particular metal of "intrinsic value," but which would use non-valuable material for currency. Premising that so many grains of gold so fine should be the standard dollar, these money theorists would coin no dollars of gold and issue none of paper or anything else, but would leave private parties to issue their own money tokens or currency with reference to the prescribed standard dollar as the unit of value.

However intricate these money questions may be, and indeed they are very intricate, our present purpose is served, as I have just intimated, by summing them all up in the larger question of *use* or *abuse*, in the sense in which we have adopted those terms. In so far as money, whether of "intrinsic" or of "extrinsic" value, may automatically operate in the social service market to divert service from workers to idlers, it is money in course of abuse. The normal healthful purpose of money being to facilitate the distribution of social services fairly, on the general basis of service for service, any kind of money which operates to distribute social service unfairly falls into the pathological category.

I shall ask you to consider, then, if you don't mind, the manner in a general way in which gold or silver coinage, or paper money, or any other money system may cause unfairness in the exchanges of the social service market. Do you remember our observations as to the currency of money? We agreed, you will recall, that money performs its function as an intermediary of exchange because it is current—because it passes readily from hand to hand as a token. You will remember also that the value of its material, the certainty of its full redemption by government, even its genuineness, are indifferent matters so long as each person to whom it is offered for a service is confident that the person to whom he offers it will give equal service for it. In other words, confidence in its currency is the life of money. Destroy this confidence and the money is dead as current money, for it no longer passes; shake this confidence and the money is shaky as current money, for it no longer passes readily. The material may be valuable, dollar for dollar, or the government's guarantee or a business establishment's guarantee be perfectly good, and the money may be genuine and not counterfeit; but if there is fear that the next man to whom the money is offered will hesitate or refuse to take it, its currency quality is on the road to destruction.

Now, this fear may be caused by a suspicion that the money is counterfeit, or an impression that its material is worth less than it appears to be, or that the government will not or cannot redeem it. Consequently, considerations of genuineness, valuable material, or certainty of governmental redemption, do enter into the money question. Although they are matters of indifference so long as confidence exists that the next man will take the money when it is offered to him—so long, that is, as confidence in its currency quality exists—those considerations may become highly important as factors in determining this very confidence. The reason, did you ask? Credit. Nearly all social service transactions are necessarily credit transactions.

Didn't it ever occur to you that employers get credit of a week or a month from their workmen—credit until pay day? And don't many folks buy at stores on credit? You give credit to your patients, for they pay you after your work is done; while I get credit from my clients, who pay me retainers before my work begins. Credit is unavoidable, unless we resort to primitive barter. Even in the case of the primitive barter which we have imagined, that of Farmer Doe's doing a day's work for Farmer Roe in haying, don't you remember? in exchange for a day's work to be done in harvest—even in that case Doe gave credit to Roe. It is indispensable in every trade unless the parties render service to each other concurrently, which could happen only in some instances, such as a carpenter shingling a farmer's roof while the farmer plows the carpenter's corn lot. All such credit as that between Doe and Roe is purely personal. If Roe is a man of his word and lives, Doe will get his day's work in harvest. But when money intervenes, there is a different kind of credit. It may include personal credit, as in the case of Doe and Roe, but it includes more. It includes what we might call currency credit.

Suppose that Roe, instead of agreeing to pay Doe for the day's work in haying with a day's work in harvest, should agree to pay in money, and should in fact pay "spot cash." In that case Roe is under no further obligation to Doe. There is no credit between them. But Doe, although he has the money which discharges Roe's obligation, has not yet got the service he will want in exchange for the service he has given. He will want a day's work in harvest, and he must get it by means of the money he has earned at haying. Consequently the question with him is whether this money, representing his service in haying, will buy him an equivalent service in harvesting when harvest time comes.

If we were to suppose that the payment was deferred, then Doe would be giving personal credit to Roe the same as if the payment were to be in future harvest work; but as the transaction is in money terms, he would also be giving credit to the kind of money in which he is to be paid. His question, then, is not alone whether Roe will pay the agreed sum; it is also whether the kind of money Roe is to pay will buy the desired harvest work.

All money transactions, whether the token passes in cash payment or the amount is credited in terms of money, involve similar considerations. Note them carefully. First, when you are offered money in cash payment for your service, you take it, or refuse it, or discount it, according to whether you think the next man will take it readily in payment for his service of equal value to yours. Will it effect for you a fair exchange of service? That is your question in the case of cash payments. Second, if you sell your service for an agreed sum in money, but give credit, thereby bringing in the element of deferred payment, your question is not only whether your debtor will pay when the debt matures, but also, as in the other case, whether the kind of money you are to take will pass current on the same basis in the future as now, so that when you get it you can buy in service the equivalent of the service you have sold. These are the considerations that make the gold question, the silver question, the greenback question, and every other money-system question, important. They are the fundamental considerations by which the details of all such questions must be tested.

If gold is more stable than silver in point of desirability and scarcity, money tokens of gold and money terms translatable into specified terms of gold as a commodity, will doubtless have a tendency to preserve the equilibrium of social services in exchange, better than silver tokens or money terms translatable into terms of silver. In those circumstances money brokers would refuse to receive silver tokens as readily as gold; and from the extension of their example among their customers, confidence in the currency of silver and in the stability of money terms translatable into specified terms of silver as a commodity, would be shattered. The converse is equally true, for precisely the same thing would happen to gold if currency confidence in gold tokens and gold terms were similarly disturbed. It could not happen to paper currency for quite the same reason, since currency-giving confidence in paper money does not hark back, as that of gold and silver money does, to the value of the material. But as currency-confidence in paper money does hark back to the power of the original issuer to cause redemption in full in social service, the principle as to disturbances of currency quality is the same with paper as with gold and silver. In the case of paper money, a spreading distrust of the value of the issuer's promise would check its currency; in the case of gold or silver money it would be distrust of the value of the metal of which the token is made. Neither consideration is of any importance except as it may produce doubt in the public mind—not doubt as to the value of the money material, for few want the material, nor as to the value of the ultimate redeemer's promise, for few care for ultimate redemption; but doubt as to whether under those circumstances the next man in the social service market will take these tokens as currency or deal on the basis of these money terms. When that doubt arises, no matter how or why the doubt, the doubt is of vital importance.

Don't you see, then, how alterations in money standards may operate pathologically in social service? If they alter between the taking and the spending of money tokens, or between the making and the payment of a debt, one party to the exchange will either get more service than he gives or give more service than he gets. This may make little practical difference—none worth considering perhaps—in cash transactions or on short time debts; but on long time debts, which are usually public debts, and on fixed charges, such as statutory salaries, car fares, annuities, and the like, it might make a great difference.

Interest? Yes, interest is a money question; but not, I think, in the way that some of our friends suppose.

If money standards rise, current commercial interest will fall. Didn't you notice it when gold, the money standard, was dear? Interest and prices both fell. But when money standards fall, current commercial interest rises just as prices do. You may have noticed it when gold, still the money standard, was cheap. But this doesn't mean that money itself yields interest. It means that some of the things that money will buy, yield interest in cases of deferred payment. Although "money doesn't breed," some of the things that money buys do breed.

The reason is much disputed, but isn't the fact plain? And doesn't this rise of interest with the fall of the money standard, and its fall with the rise of the standard, go to prove that money represents interest on services or their products, instead of yielding interest itself? Services or their products being dear relatively to the money standard, interest on account of deferred payments is correspondingly dear; services or their products being cheap relatively to the money standard, interest on account of deferred payments is relatively cheap. That is all there is to it, Doctor, except the explanations; and they are so very metaphysical and contradictory that they would make your head swim. We needn't consider them now. Some time, if you care to talk over the question of whether interest makes for unfairness in the interchange of social service, we may do it; but the point now is whether interest is a money question or not, and I don't think it is.

But you mustn't misunderstand me. At times there are charges for money which are mentally confused with interest. When money is said to be scarce, interest is often said to be high. This would seem to contradict the idea that interest is low when money is high, but it doesn't. Trace to its source what is called high interest for scarce money, and you will find one of two things. Either the need is for a scarce kind of money and at once, or else the high rate is not for the money but for some extra service or for the risk.

As an old Sunday school boy, Doctor, you will remember the New Testament story of the flagellation in the Temple at Jerusalem. Did you ever stop to think what the money changers were doing? Yes, they were selling money to their brethren at a premium. But why were their brethren willing to pay a premium? Wasn't the premium the price of a particular "legal tender" under circumstances of immediate need? It was not interest for deferred payment. Similar instances have occurred in our own day, such for example as the high price of legal tender in times of panic. When debts can be discharged only with a particular kind of money, and that kind of money is scarce while creditors are pressing, and non-payment means disaster, ranging from corporal punishment in Roman times to business ruin in ours—in those circumstances legal tender fetches a premium. But isn't that premium a very different thing from interest for deferred payments?

Premiums for loan risks, also differing distinctly from interest for deferred payments, are often confused with it. Very well do both you and I know that poor people borrowing money have to pay enormous—well, we will call it "interest," since that is what they call it. Pawnbrokers get 25 per cent., and "loan sharks" get fabulous rates. But this isn't really interest. If the pawnbroker borrows capital at the bank he pays interest—say 6 per cent. But he gets 25 per cent. from his customers for the same money. How can this difference of 19 per cent. be interest? If it is interest, then he has to pay for his storage room, his clerk hire, his management, and so on, out of the interest on his money. Surely some of that 19 per cent. is rent and not interest for deferred payment, and some of it is wages and not interest for deferred payment. If this extra 19 per cent. is really interest, why do the pawnbroker's customers pay it? Why don't they go to the bank the same as he has done and get the money at 6 per cent. as he does? Isn't it because the bank won't trust them as it trusts him? No, Doctor, the high rates that people pay pawnbrokers and "loan sharks," and which they confuse with interest on deferred payments in thinking of the transaction, are for the most part for rent, wages, and risk of loss. The interest for deferred payment which those rates include is comparatively a trifle.

I was reading one day in Moody's Magazine for July, 1907, an explanation of the "loan shark" business by Daniel Kiefer of Cincinnati. You know of Kiefer. He was formerly secretary of the Citizens' Mortgage Loan Company of Cincinnati, an organization intended to save poor borrowers from "loan sharks" by lending at a profit to the company of only 5 per cent. net. It succeeded. But its promoters learned a curious lesson about "loan shark" interest. In order to get 5 per cent. net on its capital, it had to charge, as Mr. Kiefer explains, 11½ per cent. per annum for $200 loans for a year, and as much as 48 per cent. per annum for loans of $10 for three months. Why? Pardon me a moment till I get Moody's and I will answer you with an extract. Here is what Kiefer says of the "loan shark" business: "Interest on capital is a very small item of expense in conducting a business of this kind. Operating expenses and losses for bad loans must all be paid out of usurious interest before the 'shark' will have anything for himself. A concern having $10,000 invested in a business of this kind in any large city will need an office force of four reliable and experienced employes whose aggregate annual salary will be at least $2,500; and other inevitable expenses will be at least $3,000 more. Interest on capital will be $600. Losses from bad loans will be anywhere from $500 to $5,000, according to judgment displayed in making loans, according to the manner in which delinquents are handled, and according to local industrial conditions." Don't you see that interest on deferred payments is a small fraction of the ruinous rate the poor borrower has to pay? But let me read further. Referring to the charity loan society of which he was secretary, Mr. Kiefer goes on: "The rejected applicants must go to the ordinary 'sharks' for aid. Of course if it is not safe for the charity organization to grant any of these a 10-dollar loan at the rate of 48 per cent., it is not safe for the 'shark' either. In taking the chances he must charge a much higher rate."

I have mentioned the "loan sharks" as an extreme illustration. But the principle holds good throughout the social service market. So-called interest above the gilt-edge bank rate is not interest for deferred payment. It includes interest, of course, but for the most part it is made up of expenses of doing the business and of insurance against loss for risk. The principal item is for the risk. As this is paid in the name of interest, we carelessly think of it as interest; but it is as different from interest as is the premium on any other kind of insurance. Get your loan insured, and you can borrow at ordinary interest rates, no matter who you are nor how poor you may be.

When you hear of high interest on money you will find if you examine into it that instead of high interest it is high insurance. When you hear of scarcity of money in explanation of high interest you will find, almost without exception, that it is not money that is scarce, but credit that is non-existent or disturbed. As Emory Storrs once said, after being frequently told at banks that money was plentiful, yet whenever he tried to borrow was asked for collateral he did not possess, "It isn't money that's scarce, it's collateral."

If we pay interest—true interest as distinguished from wages and insurance premiums, interest as compensation, or extortion, or whatever you will, for deferred payments—we are paying it not for money but for commodities, not for legal tender but for some benefit which the social service we really borrow will yield us simply through lapse of time, and which the lender will lose unless he gets interest. Were we to borrow sheep, we might have to return not only the sheep but some of the lambs and some of the wool—a share of the natural increase of the flock. Were we to borrow bees, we might have to return not only the bees but a share of their honey. Were we to borrow a field of growing grain, we might have to return not only the worth of the field in the Spring but a share of its additional worth at harvest. It would be the same if we borrowed money and bought those things. When we borrow money, and with the borrowed money buy objects, the interest we pay for the money is not truly interest on money. It has to do with the objects we buy. Whether or not this is an abuse, depends upon whether borrowing and lending conditions are free or coercive.

And now, Doctor, before going on, let us turn back a moment to a point we have already considered, that the "intrinsic value" of money is of comparatively little practical importance in current exchanges of social service. That is to say, the abuses of money that are properly attributable to variations in the intrinsic value of its material, are of short duration and relatively of no great magnitude. Creditors may gain or lose the benefit in some degree of past services, and debtors may correspondingly lose or gain. The owners of concrete forms of past services held in store as merchandise, may gain or lose and their customers correspondingly lose or gain. The effect is like that of the collapse of Confederate currency, or the detection of a counterfeit coin that has been current. If we lose, we lose social service rights that we had accumulated in the past, but not the power of exchanging service and accumulating social service rights in the future. It may spell temporary loss, but not continuous enslavement.

Indispensable as are money and money terms in effecting exchanges of social service, and disastrous as for a time may be the effects of unscientific money systems when they break down, the great fundamental abuses of money in the sense in which we are using the word "abuse," as fostering unfairness in social service exchanges, does not lurk in the defects of money systems. No matter how perfect your money system, Doctor, you may find money still operating to distribute social service unfairly. I have heard it said that the better your money system, the slicker it might work in promoting that unfairness, and I am not sure that this is as extravagant as it sounds.

Do you care to consider how money, although of a perfect system, may be subject to abuse in the sense in which we are distinguishing the *use* of money from its *abuse?* Then you will have to help me solve the primary riddle of social service. What is that? Well, not much of a riddle. Only this: Why do men serve one another by swapping service? What is their motive?

Seems profoundly psychological, doesn't it? Maybe it is. And doubtless an expert could make it exasperatingly difficult. But it isn't difficult. It's as easy as wanting to eat.