

CHAPTER III.

WHAT IS WEALTH? WITH A CHAPTER OF
EARLY SOUTH AUSTRALIAN HISTORY.

MONEY NOT WEALTH, BUT A MEANS OF EXCHANGING ONE KIND OF WEALTH FOR ANOTHER.—GOLD THE BEST STANDARD.—REASON WHY IT IS THE BEST.—SILVER AND COPPER USED FOR SMALL SUMS.—MONEY PAYMENTS MORE CONVENIENT THAN BARTER.—BANK-NOTES.—BURNING OF BANK-NOTES.—FORGING.

To the question, "What is wealth?" you will all naturally answer, "Wealth is money." But money is not really wealth, but only a sort of **token or counter which represents wealth**. We cannot eat gold, or drink silver, or keep ourselves warm in bed with bank-notes. When Robinson Crusoe was shipwrecked upon his desert island, he valued far more the ten or twelve grains of barley that the rats had spared in the seaman's chest than a whole chest full of gold and silver coins, and would gladly have given a whole drawer full of diamonds, if he had had them, for a spade and a pickaxe of good useful iron. Gold and silver, however, are very convenient things by which we may exchange one thing for another. Gold is not so plentiful as other metals, and costs its full value to dig out of the ground, so that it is not only worth the value assigned to it in the country in which it is coined, but **all the world over**. In some barbarous countries shells are used for money, but they are not of the same value elsewhere. Gold, too, is one of the few perfect metals; it does not rust or get tarnished like other metals. It does not spoil with keeping like eatables, or get old-fashioned like clothes and furniture, so **gold coin** makes

the best **standard medium of exchange**. Silver used to be the standard, and our word **pound** originally meant a pound weight of silver ; but now one may object to take more than forty shillings' worth of silver in payment of a debt, and demand gold instead. A shilling is good for the twentieth part of a sovereign, and a penny for the twelfth part of a shilling ; and silver and the new bronze coins are clean and light, and convenient for small change. The use of money as a medium of exchange can be quite easily understood. Instead of a farmer giving three bushels of corn for a pair of boots, or a market-gardener exchanging a sack full of cabbages for a pound of tea, he sells his produce for money, and takes the money to any shop he pleases. The farmer is not obliged to go to the particular shoemaker who wants wheat, or the gardener to the grocer who wants cabbages. With the money he buys what he wants, or keeps it in his pocket, or puts it in the bank.

Money is of different kinds : **coin**, which has a value in itself from its scarcity and the labor it costs to get it out of the ground ; and **bank-notes**, which have a value because people believe that the **signatures**, or names printed and written on them, are those of people who have wealth enough to pay the promised sum. You will observe that every bank-note has printed upon it, **I promise to pay on demand the sum of One Pound, or Five Pounds, or Ten Pounds**, as the case may be ; and anyone can go to the bank the note is drawn on and ask for gold for the note if he pleased.

A certain Irish banker was not liked by the people in the neighborhood, and at one time of great excitement the rebels burned every one of the notes on his bank that they could lay their hands on. But this was really **making a present** to the owner of the bank of all the money he had promised to pay, and which he had got for the notes before he issued them, or sent them out into the world. There is not the hundredth part of the gold and silver that would be needed to do all the buying and selling

in the world dug out of all the mines all over the globe. Bank-notes have come into use for ordinary payments, and bills of exchange for large transactions—you will learn about bills of exchange and cheques when we explain about banking—but bank-notes are in constant use instead of sovereigns. Gold and silver, though they do not rust, wear thin with much using, and are not worth so much, for their value depends on their weight, while bank-notes can be called in when they are old and ragged, and new ones given for them. So long as there is a genuine signature on the note, even if it were in half-a-dozen pieces, it would be worth the money promised. So much depends on people's belief in the names written on a bank-note or a promise to pay, that **forging** a printed note, or writing another person's name on one, **is a serious crime**, and is severely punished. It is also a serious crime to **coin bad money**, and knowing it to be bad, to try to pass it off for good.

DISCOVERY OF GOLD AND SILVER IN AMERICA.—NEGLECT OF SPANISH MINES, FARMS, AND ALL INDUSTRIES.—LAWS AGAINST EXPORTING THE PRECIOUS METALS.—BANISHMENT OF MOORS AND JEWS.—FALL OF VALUE OF GOLD AND SILVER.—MEANING OF THIS PHRASE.—DECLINE OF SPANISH WEALTH AND POWER.—LESSON TAUGHT BY SPAIN.

We began by saying that gold and silver coin and bank-notes are not really wealth, but only the **counters** by which wealth is reckoned up and exchanged. It cannot, therefore, make a country really rich to have a great quantity of gold and silver, unless it has the useful commodities to enjoy and to exchange. To show you what this means, let us take two instances—one from an old country, learned from history; and one from a new country, which all the early settlers in South Australia have seen passing before their eyes.

When Christopher Columbus discovered America, and took possession of it for the kingdom of Spain, which had sent out the little fleet for the adventurous

voyage, the Spanish people were so delighted and so intoxicated with the wonderful wealth of gold and silver to be found in Mexico and Peru, that they thought this would make Spain the richest country in the world. **They thought gold and silver had a value in themselves**, and the Spanish government made severe laws against their being sent out of the country, even to buy what the Spaniards themselves needed. The rich silver and copper mines in Spain itself were shut up, for they did not produce nearly as much as the American mines; and farming, too, was neglected. The industrious Moors who had cultivated carefully the Southern parts of Spain, and watered its dry plains, were banished because they were not Christians, but Mohammedans. The Jews, who were the only people in Spain (and perhaps at that time in the whole world) who understood anything about the use and value of money, or the principles of trade and commerce, were also driven out of Spain—because Spain was to be a Christian country. The country was left to a proud nobility and a lazy and ignorant people. Every year more and more gold and silver came into Spain, and every year, as it was not sent out of the country, **its value fell**. That is to say, people had to give more gold or silver for everything they ate or drank or desired to have. **A general rise in the price of everything else is just the same thing as a fall in the value of gold.** The sideboards of the rich were loaded with gold and silver plate, the churches were richly ornamented with these precious metals, the women wore massive chains and ornaments; but the country really got poorer and poorer. The land produced less wheat and corn, and wool and oil, and wine and fruit and vegetables. The Spaniards kept up great armies and costly foreign wars; and the bad cultivation of the soil, and the waste and extravagance that the abundance of money had led them into, by degrees reduced Spain from being the first country in Europe to be the very lowest. Thus

the possession of America, maintained by cruelty and oppression, only led to making Spain poorer, in spite of the fancied treasures she heaped up. This is the lesson taught by the old country—that gold and silver are not wealth.

SOUTH AUSTRALIA IN 1839.—POTENTIAL WEALTH.—HIGH PRICE OF FOOD, OF WAGES.—SPLITTER.—WASHERWOMAN.—HOUSE BUILDING.—PUBLIC WORKS.—IMPORTS AND EXPORTS.—VERY BAD TIMES.—LABOR AT LAST TURNED TO THE LAND.—WEALTH CREATED BY HARD WORK AND THRIFT.—SURPLUS PRODUCE.—LESSON TAUGHT BY SOUTH AUSTRALIA.

The second lesson is taught by our own colony, and those who, like the writer of this little book, have watched attentively every step of the progress of South Australia, may learn from its experience what a country's real wealth consists in. In the year 1839 there were 10,000 white people settled here—almost all in or very near to Adelaide. The town was laid out, and ships landed goods and passengers at the old Port; the present Port Adelaide was not made till the following year. There were no wheat-fields, and only a very few gardens. There were a few thousand sheep and cattle, brought at great expense and trouble from the colonies of New South Wales and Tasmania. There were no roads or streets made; water was carted from the Torrens in barrels, or drawn out of deep wells. We had to get everything we ate (except meat), everything we wore, and most of the materials for building houses, from England or elsewhere. But there was what may be called **potential wealth** in abundance. There was land which would produce corn and hay and potatoes, and feed sheep and cattle to give us meat and candles and leather and wool; and there were stones to be quarried, and clay that would make bricks, and copper ore in the mines: but the **land needed labor** to make it produce anything. Ship-load after ship-load of settlers came. Many of them had bought land orders in England,

which entitled them to get 80 acres of land for £80, and this £80 was spent in paying the passage of two men and two women to come out and work on the land. But in 1839 there had scarcely been a plough put into the ground. There had been a great drought in Australia, and seed corn cost 20s. to 25s the bushel. When the writer landed here bread was 2s. 9d. the 4lb. loaf, and it got dearer and dearer, till it got up to 4s., or 1s. per lb. Wages were very high, and even those who came to South Australia with the determination to farm were terrified to risk putting in such costly seed in a new, untried climate. A man splitting posts and rails on Mount Lofty could earn 20s. a day, if he worked very hard; but with a wife and six children to feed on bread at 1s. a lb., meat at 10d., milk at 1s. a quart, butter 4s. a lb., and potatoes at 6d., he was not nearly so well off as he would be now with 7s. a day. The posts and rails, however, made dear fencing for the farmers' fields and gardens at the high wages. A poor woman, who arrived in 1840, went out to do a day's washing, and got 3s. 6d. for it; but instead of thinking it much, compared to 1s. 3d. which she had got in England for the same work, she thought it little, for she could only buy two 2-lb. loaves for her children with the money.

People built houses, and sold and let them, and they bought and sold bits of land, and as long as new people came with money, they thought the colony was prospering; but really all the money that the settlers brought was spent in building houses to shelter them, and in buying food to keep them alive. The immigrants who were brought out by the price of the land objected to go to the country, for fear of snakes and blackfellows, and preferred jobs in town; but there was soon far too little work for them there, and they complained that the government had brought them out to starve. The governor was a very kind-hearted man, and thought he was bound to give them work, so he set them to build a new government house and

a large jail, and gave work to all that asked for it. He paid wages in rations, giving the most to those who had most children at home to feed. In order to pay for these rations the governor drew bills, or orders to pay (as he thought he had a right to do), on the English Government; and the Adelaide merchants bought these bills and sent them, instead of gold, to pay for the goods they imported here. In the year 1839 there were goods and money brought into South Australia to the amount of £346,649, and only £9,650 worth of goods sent out—mostly whale oil and whale-bone—products of the sea, and not of the land. (See Appendix A—Exports and Imports of South Australia.)

When the bills reached London, the English Government would not pay them. They said the colonial governor had no right to draw them for such a purpose, and the bills came back for the Adelaide merchants to pay. They also recalled Colonel Gawler, and sent out a new governor, with instructions to stop all public works, and to turn off every man who refused any offer of employment from any private person. Now came a very hard time for South Australia. The merchants were not able to pay these bills twice over, and were ruined. People gave up coming to the colony, for it was supposed to be no good. There was hardly any money in the colony; rents got lower and lower; wages fell down to about a quarter of what they had been; and the people found that they must set about **creating wealth by honest hard work.**

Everybody took to farming and gardening. The land was discovered to be excellent, and the wheat grown in South Australia was the best in the world. The snakes were very few, and the blackfellows harmless. Coin was so scarce that the banks issued 10s. notes, and people wrote or printed orders for 5s., for 2s. 6d., and even for as low a sum as 3d. There was a great deal of **barter** done then when money

was so scarce. A load of bark would be given for a bag of flour, or a pair of shoes for a sackful of potatoes. There was plain living, poor lodging, simple clothing, and hard work; but in the course of two or three years we found that in our desperate poverty we had begun to grow really rich. Farms were fenced and ploughed, and little farmhouses built, with vegetable and fruit gardens round them; mills were built to grind the corn; and soon there was such an abundance of food that the price of everything got very low. In 1840 the 4lb. loaf sold for 4s.; in 1843 we had enough and to spare for ourselves, and sent to the other colonies £10,000 worth of wheat and flour; and in 1844 the 4lb. loaf sold for 4d. Flocks of sheep and herds of cattle increased faster than the eaters, and the sheep were boiled down for fat that could be sent to England, and legs of mutton were sold at 1d. the lb.

As we steadily produced more than we consumed, we had a large **surplus** of wheat and wool, hides and bark; and in 1846 we found copper, too, to export; so we had thus things with which to pay for the clothes, the ironmongery, the tea and sugar, and other things which we could not grow in South Australia, or make for ourselves.

The lesson which we learn from this chapter of our own history is, that a **country is made rich by producing more than it consumes**. In the next chapter we mean to consider how the wealth or the production is increased by the use of **capital** and by the exercise of **invention**.

