

Paul Peach's paradoxes regarding the theory of money may be applied to many other theories, because we reason from effects and not causes.

Suppose we examine the statement that "money is a measure of value." Value, extension in space, the pull of gravity, and time are equal in one particular: "Nobody knows what it is"; "Nobody knows what it ought to be"; Nobody knows what to do with it."

The length of an overgrown king's pedal extremity and the enormous reach of his arm give us the standards, foot and yard. And a physical appliance equal in extension to the king's foot or arm, enables us to "measure" the dimension we call length. The force we call gravity is "measured" by physical appliances called balances, steelyards and the like, and this "pull" we call weight, having various standards for use in the measuring, which need not be gone into at this time. The earth's roll-over is called a day; and its revolution around the sun is called a year—the sun, moon and planets being our original time-pieces.

Now, value is a greatly debated phenomenon. The Marxists consider it a sort of crystallized "socially necessary" labor, which will warrant the expression "intrinsic value." But to my mind, value is purely a relation, a mental operation in which supply and demand are considered. Hence, value is always extrinsic to the thing valued.

The force of demand is forever fluctuating; it varies by reason of fashion, fear, and other emotions; and so does the dollar, the unit. What makes the dollar desirable, in the last analysis, is the fact that it is a tax-paying thing and a "legal tender" in payment of debt. It is no more a "medium of exchange" per se than an old hat stuffed into the place of a broken window pane is a part of the window. Nor is it a "store of value" (of crystallized labor).

No one is obliged to sell hot dogs or anything else because he is offered "legal tender" money. But where the hot dogs have been bought "on the cuff," legal tender can settle the bill. Even then it cannot prevent a lawsuit; but if the tender be kept up, it will prevent the plaintiff from having execution issued, and he will pay the costs of suit. Keep in mind that money is primarily a tax-paying thing and has no other real function, although it can be and is used in many ways as a convenience.

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