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DIALOGUE

UNCLE SAM & BROTHER JONATHAN. {69}

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BROTHER JONATHAN—I notice our friend of the *Coming Nation* has offered \$100 for any piece of money that was not made money by law.

UNCLE SAM—He will never have to pay that \$100.

B.J.—Then that talk about intrinsic value of money is all nonsense.

U.S.—All nonsense when money is used as a means of payment or as a legal tender.

B.J.—But money is always used as a means of payment or legal tender.

U.S.—Not at all.

B.J.—I say it is!

U.S.—Look you here; you have a mortgage on your house—

B.J.—Yes, and the damned Shylocks are squeezing me out.

U.S.—When next July 1 the interest of \$50 is due on it, you go to your mortgagee and pay the \$50 to him, do you not?

B.J.—Yes, if I got them.

U.S.—Now look at this other transaction. Either before paying the interest on your mortgage, so as to suppress your indignation, or after paying the interest on your mortgage, so as to cool down your anger at having been plucked by Shylock, you step into a saloon and order a glass of hard cider.

B.J.—That's what I do regularly.



UNCLE SAM & BROTHER JONATHAN

U.S.—The bartender hands you the cider over the bar and you hand him back five cents.

B.J.—That’s the way it happens.

U.S.—Do you perceive no difference in the function of your money in these two transactions?

B.J.—None worth mentioning.

U.S.—Would you say that the \$50 you handed over to Shylock figured as a medium of exchange?

B.J.—N-n-o—

U.S.—The money figured as means of payment, as legal tender.

B.J.—Very well; call it so.

U.S.—But the five cents which you exchanged for cider—are they legal tender? Are they means of payment?

B.J.—I would decidedly say they were a means of payment.

U.S.—You paid for your cider with them, but also the cider man might say he paid you with cider for your five cents?

B.J.—He might say so.

U.S.—But Shylock cannot say he paid you with anything for your \$50; he can’t say and you can’t say that you two made an exchange—you giving him \$50 and he giving you back something else?

B.J.—Not much he can, the damned rascal.

U.S.—The two transactions are, therefore, very materially different. The one in which you got the cider was an exchange, the other in which you canceled a debt was a payment—

B.J.—What of all that?

U.S.—I’ll show you how important it is to distinguish between the two.

B.J.—I see a distinction without difference.

U.S.—I’ll show you the difference: In canceling your debt your money figured not as a means of exchange, but as a means of payment, as a legal tender; but in getting your cider your money figured as a means of exchange simply.

B.J.—Well, granted; there is some difference. But it seems to me it only mixes a

man up to distinguish between these two functions. After all you have said I hold, and you have not proved the contrary, that in both cases I used my money to pay. I now repeat, money is always used as a means of payment. What difference does it make to me whether my money figures in one case simply as a medium of payment and in another as a medium of exchange?

U.S.—We are coming out of the woods. You realize that in one instance, when you canceled your debt with Shylock, your money figured as a medium for payment, and that it cannot be said to have figured as a medium of exchange—

B.J.—I do.

U.S.—And you realize that in the other instance, when you procure cider, your money figures as a medium of exchange?

B.J.—I do.

U.S.—Now you maintain that that is all one to you, that there is no essential difference in the function of money in the two cases?

B.J.—Exactly.

U.S.—Now, then, this is the practical difference: When money is used as a medium for payment it is the creature of law and nothing else—

B.J.—And in the other case—

U.S.—But when money is used as a medium of exchange it is not the creature of law.

B.J.—Absurd!

U.S.—Wait and see if it is absurd. When money is used to pay a debt it is the fiat of the government that one looks to—

B.J.—And in the other case—

U.S.—But when money is used as a medium of exchange its intrinsic value, or what is supposed to be its intrinsic value, is what is looked to.

B.J.—Absurd!

U.S.—Keep cool. When money is used to pay a debt, law-made money becomes a legal tender.

B.J.—And in the other case—

U.S.—But when money is used as a medium of exchange there is no legal tender about it. It is purely a standard of value.

B.J.—Absurd!

U.S.—Now, I wager you a bumper of prime hard cider that you will take back each of these three “Absurds!” you have fired at me.

B.J.—I accept the wager. I already taste the cider you will have to pay for.

U.S.—If Shylock did not stipulate for a special sort of coin, of a special color and weight and shape; if he simply stipulated for \$50 quarterly payments, or when the tax collector comes along you have to pay him \$50, what do you do?

B.J.—I pay, grunt and bear it.

U.S.—You give him a certain number of things which together foot up \$50 United States currency, do you not?

B.J.—I do.

U.S.—Suppose he says: “I won’t take this money. It is fiat paper, not redeemable in gold and silver,” or “this coin is too light; it has been worn out too much; it has been treated with chemicals, and a portion of it has gone,” what would you say to that?

B.J.—I would tell him to go to hell.

U.S.—Could he sue you?

B.J.—He might sue, and be damned.

U.S.—If he did, could he recover?

B.J.—Not much!

U.S.—Why?

B.J.—Because I offered to pay him in lawful money of the United States.

U.S.—Exactly; because you made a legal tender to him. Provided the money is not counterfeit he must accept it—

B.J.—Or go without it—

U.S.—But, now, suppose you walk into a grocery store or a clothing store with that very paper money that Shylock or the tax collector refused to accept on the ground that it was fiat paper, or, if coin, on the ground that it was too light, or that it had been worn out too much, or that it had been treated with chemicals and a portion of it was gone, and you ask for \$50 worth of groceries or clothing, and then offered payment with the money or coin which Shylock or the tax collector just refused, do you think you would get the goods?

B.J.—W-e-l-l—

U.S.—I shall come to your aid and make the case clearer. If the grocery man or the clothier refuses—

B.J.—That ends it!

U.S.—Could you compel acceptance of the money?

B.J.—No!

U.S.—Why not?

B.J.—Because—

U.S.—Because money there figures as a medium of exchange, and as such it is a standard of value. If the trader does not believe the value you offer him is equal to what he gives you, or is equal to what he expects, no exchange takes place. What, then, becomes, in such a case, of the Government value, of the fiat, of the legal tender qualities of your money?

B.J.—Gone up the fluke?

U.S.—You perceive that there is a wide and fundamental difference in money as a medium of payment and money as a medium of exchange?

B.J.—I do, by Jericho!

U.S.—Is the talk about intrinsic value of money “all nonsense,” as you said before?

B.J.—No, indeed.

U.S.—Do you take back your three “absurds?”

B.J.—Every one of them.

U.S.—Will you pay for the cider?

B.J.—I shall; come along.

U.S.—Now that you have seen through this thing, you can see the dishonesty of the goldbugites when they, a creditor class that receives money in payment of debts due them, talk of money as a thing of intrinsic value only, and you can see the—

B.J.—The folly of the free coinagists and greenbackers when they talk of money as a legal tender exclusively—

U.S.—And you can perceive how the working class would not be benefited by a flood of fiat money—

B.J.—Well, upon that I shall want more light. But we shall talk upon it next week.

Let us now take our cider.

Transcribed and edited by Robert Bills for the official Web site of the Socialist Labor Party of America.

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