



SECOND EDITORIAL

AT HIS OLD TRICKS.

By DANIEL DE LEON

SAYS Prof. Green Goods, alias George Gunton, the hired man of the capitalist bamboozlers:

“It (statute law) may determine that a specific quantity of a given article, say grains of gold or silver, shall constitute the monetary unit and have the debt power of a dollar, a pound, franc, thaler or yen; but it can exercise absolutely no influence over the extent of that debt-paying power; that it is to say, the ratio in which it will exchange for other commodities.”

In other words: “The debt-paying and the exchange functions of money are one.” This is a choice bit of sawdust from the green goods bunco.

The law can establish values. But values come in play only in exchange. Hence, true enough, sixteen units of silver, worth only one-half a unit of gold, cannot, by law, be made exchangeable with other commodities worth one full unit of gold. Hence Prof. Green Goods very justly denies the power of the law to establish the ratio of exchange.

On the other hand, the debt-paying power of a commodity is strictly a creature of law. It is the law that determines and prescribes what is and what is not legal tender. Hence, Prof. Green Goods is at his old game of swindle when he confuses the two functions of money—its debt-paying and its exchange function—jumbles them into one, and by a clumsy trick of sleight of hand seeks to conceal the fraud that lies back of the gold bug pretenses.

The dollar that is used to buy goods with must have, or be redeemable with, the value of the goods for which it is exchanged.

The dollar that is used to pay a debt, say the interest on a mortgage, may or may not be the equivalent in value of an other dollar, say a gold dollar. But that

does not affect its legal tender or debt-paying power. If the law declares that dollar a dollar then the debtor who tenders that statute dollar to his creditor has made a legal tender and the debtor is bound to accept it.

The legal tender power of the dollar is a law-created power, but it figures only in the paying of debts; the legal tender power of the dollar cuts no figure whatever in exchange; exchange values are not creatures of law.

The confusion arises from the circumstance that one and the same dollar may, according to the use it is being put to, exercise wholly different functions. If it is used in exchange—buying and selling—it must have the value of what is bought and sold; if it is used in the payment of debts, it is a legal tender to the extent of the value the law prescribes, whether or no it has that value in exchange.

It is owing to this legal-tender or debt-paying and law-given power of the dollar that the debtor class leaps to the false conclusion that the dollar has none but law-given power or is at all times fiat money.

All arguments made by the gold bugs against this position are right. But when the gold bug goes beyond that and claims that under no circumstances is money the pure creature of the law, he then deliberately falsifies.

The starting point of the fiat moneyists is right, but their conclusion is false. They argue that because money is the creature of law in the payment of debts and is their legal tender, therefore money is in all respects the creature of law.

The starting point of the gold bugs is right, but their conclusions are false. They argue that because money in exchange must have value, and value cannot be the creature of law, therefore money never is a creature of law and must always have value.

The conflict between the two errors arises from the conflict of interests between two classes—the debtor and the creditor class, both of whom are capitalistic.

In this conflict much juggling is indulged in by both sides. The silver bug as well as the gold bug knows he tells only a partial truth and that he retails a partial lie.

It is entirely in keeping with the proprieties of the occasion to find Prof. Green Goods taking a hand on one side of the question and shoving his sawdust learning upon the people.

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