

The Root Of Money

by SYDNEY MAYERS

ASIDE from the fascinating question of how to mix a proper dry martini, no problem has received more attention, or elicited more purported solutions, than that of money and its use. Economic pundits from Adam Smith, John Stuart Mill and David Ricardo to Walter Heller, Bill Rickenbacker and Jim Murphy have propounded a bewildering variety of monetary theories. Some are plausible, and some reasonably persuasive, but the majority, alas, are as phony as wooden nickels.

Considering the important role money plays in modern economics, it seems strange that its nature and purpose remain such a mystery. Perhaps the trouble is that, while there is a general tendency to over-simplify economic questions, in the case of money the error is one of over-complication. Economists come up with all sorts of turbid answers, whereas the truth involved is so evident that, to quote Henry George, "if it were a dog it would bite them."

Though he referred to it as "a matter of much perplexity," it is revealing that George devoted little space in his works to the discussion of money: two or three pages in *Progress and Poverty*; a few brief chapters in *The Science of Political Economy*. Wisely, he concluded and demonstrated that: "Whatever in any time and place is used as the common medium of exchange is money in that time and place." It is a logical, sufficient and unassailable definition. What more need be said of our currency?

When I was a lad, a penny bought a fistful of goodies, and a dime bought

a bagful. Later, a dollar or two sufficed for a movie, a chocolate soda and a bus-ride with my teen-age lady fair. A sizable family could eat for a week on what a palatable dinner-for-two now costs. What has happened since then to so devalue our money? Inflation, you say? Correct; too much money in the market-place, vying and bidding for limited goods and services.

In our "time and place," the populace is well aware that the money in its pockets and purses no longer has commodity value. It is merely paper and base metal. Lacking intrinsic worth, its sole value is that which it may be deemed to have as a medium of exchange. When the buying power of money declines, which inevitably occurs when it is not in fair balance with available goods and services, more of it is demanded for what is offered in trade.

We all seek an adequate return for our labor, and "what we obtain too cheap, we esteem too lightly."

Money, not being wealth, is primarily a mental concept. Its value in the market-place derives not from its appearance, but from its acceptance as a medium of exchange. A Confederate bank-note is a handsome bit of engraving, but *qua* money it is worthless, notwithstanding the legend on its face. Yet, if by some quirk an economic community should decide to use it generally as a means of trade, even currency bearing Jeff Davis' portrait would constitute money *at that time and place*.

Money is whatever we mutually agree to recognize as money. It's as simple as that!

