not money. But that is not what I want. That is what I may want hereafter, but what I want now is money.

No one wants to realise all his gains immediately in goods. He does not want to lumber up his premises with a mass of articles that he will not want for months, perhaps for years; and of which many are inherently perishable, all liable to accidental destruction, and some at least, which, when the time comes, would be found to be not what he wanted, and would have to be got rid of.

No! What he wants is something that will represent a *deferred claim* of a general nature upon the world's stock of goods, and that something, no matter what exact shape it may assume, is money.

But money, whether we consider it as coin, as paper, as bank credit, or as the deferred claim which coin, paper, or credit represents, is not the Third Factor of Production.

Coin, paper, credit, and claim might all disappear, yet the facilities for production remain unimpaired.

Whence again we see that the economists, misled by the adoption of a word to mean one thing, while universal custom had already appropriated it to mean something else, have got confused between the two meanings, and after declaring that capital meant instruments, and not money, have come without knowing it to mean money, and not instruments.

THE DISTINCTION IN THE MIND OF THE CAPITALIST.

As to the distinction being in the mind of the Capitalist, this is true only in a certain sense, and to a very limited extent.

A man, for instance, may use his chaise cart for useful work in conveying food to market, in which case it figures as an instrument; or he may use it for mere enjoyment in driving about, in which case it figures as a final product. But the number of articles that can be applied indifferently as instruments or final products is not very great.

In the great mass of goods their use is determined by their nature and structure, and not by the mind of their possessor; or, if you prefer it, the mind of their possessor is determined by their nature and structure.

A wheelbarrow, for instance, is of no use except as an instrument of work to transport materials; while a sofa can only be used for enjoyment to recline upon. Therefore, in any estimate of the facilities for productive work of a community, the wheelbarrow will figure as an available instrument, and the sofa will not count at all; while in an estimate of their facilities for direct enjoyment, the sofa will figure, and the wheelbarrow will not count at all.

The man who holds the sofas may be an upholsterer, and hold them only for sale, never reclining upon them; but whether for sale or use, they are fit for reclining on only, whether they are being actually reclined upon or not.

It is argued that a sofa for sale is not a final product. Production is not complete till the finished article is in the hands of the consumer, and not a single act of preparation or transport remains to do.

The point seems hardly worth discussing, because, as I have said, the main thing is to realise that every article is either an instrument or a final product. It does not greatly matter in which division you place some given doubtful article. But in case anyone should think it of importance, I would remark that the objection is theoretically right, practically wrong; because, in the useful application of theoretical principles, a sufficient approximation is often better than rigid exactitude. For example, everyone will recognise a loaf of bread and a pat of butter when placed on the consumer's table as final products, notwithstanding he knows that neither of them will be eaten till a further effort has been expended on them; that is, that the loaf will be first cut into slices, and the butter spread upon it.

In the same way a sofa once delivered in the *locality* where it is wanted, even though not sold, is for all practical purposes a final product, in that henceforth it is fitted for enjoyment only, and cannot be applied to any productive use.

TRANSFERABILITY OF TAXES ON CAPITAL.

It is said that taxes on capital are transferable. Taxes on land are not.

Taxes on capital are said to be transferable because capital is portable. If a tax is levied on capital, the capitalist at once passes it on to the borrower in increased interest, saying, I want the current rate of interest, and if I can't get it here, I will take my capital elsewhere where it is not taxed.

This is what they call "driving capital out of the country." If the borrower refuses to accept, the taxed capital begins to flow out of the country till it becomes so appreciably scarce that interest rises, and the borrower *has* to pay the tax.

But this idea of the portability of capital evidently rests on the assumption that capital signifies money. If a man's capital is invested in the shape of a deposit at the bank, or a mortgage on land, in a mere claim, in short, representing money power, he can withdraw it at a word, and transfer it by bill of exchange to the utmost parts of the earth for the mere cost of a stamp. If it consists of a bag of sovereigns, he can withdraw it nearly as easily.