

EDITORIAL

JAMESBIEISM.

By DANIEL DE LEON

WILLIAM JAMESBIE of Brookville, N.Y., takes in the *New York Tribune* a fall out of the theory that the rise in prices is due to the increase in the supply of gold. Mr. Jamesbie's explanation of high prices—high living—is so stale, besides shallow, that his words on that head deserve no notice. What does deserve notice is an incidental economic error that he weaves into an economic truth. He says: "Economic law says no quantity of money can be forced to circulate beyond the quantity required by the demands of exchange." This is true, and from the truth Mr. Jamesbie concludes that, therefore, the rise in prices can have nothing to do with the increased production of gold.

Obviously Mr. Jamesbie considers that gold and money are identical; obviously also he does not know that commerce is barter.

An excess of money does not affect prices. If there is an excess of money the consequence is that the excess will lie idle in bank vaults. A further consequence will be that interest will drop, and loans can be had at reduced premiums. From all of this it flows that "money" is not a commodity.

But while money is not a commodity, the metal of which the money is made is a commodity.

There is a third point to consider—commerce, sale and purchase, is barter. It is goods for goods; value for value that is given. The merchandise on the so-called buyer's side is gold, gold exchanged for some other merchandise on the so-called seller's side. And the quantity of the gold exchangeable with that other merchandise depends upon the value contained in both.

And so it happens that, although, as Mr. Jamesbie correctly says, the quantity of money available in circulation does not affect prices, yet the quantity producible of the metal that is the basis of money does affect prices. Hence, the output of gold

being what it is, gold is depreciated, with the inevitable consequence of a reduced purchasing power in coin, or, what amounts to the same thing, a rise in the price of other goods.

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