

EDITORIAL

THE DEBTOR CLASS IN CLOVER.

By DANIEL DE LEON

THE depreciation of money through the depreciation of gold is raising a spectacle that is the exact opposite, yet counterpart, of the spectacle raised when the depreciation of silver set the 16 to 1 movement agoing in the nineties.

In the nineties, it was the debtor class that kicked; now the debtor class is in clover.

The identical dollar that figures in the capacity of a “means of payment,” also figures in the capacity of a “medium of exchange.” This double function of money is the cause of much confusion on the subject, and the fertile source of much mystification. Close reasoning will remove the confusion, sweep away the mystification, and keep the mind immune against the wiles of demagogue and plutogogue alike.

The ordinary transaction of purchase and sale, that is, the transaction in which the purchaser takes his goods on the spot and the seller his money, is disguised barter. A vast human experience of thousands of years back of it settled upon the precious metals as the one merdhandise, easily portable, into which all others were to be translated. The next step to that was the saving to the individual the trouble of weighing the metal at each transaction. Thus coin was born. At sight, its weight was ascertainable. Thus money came into existence. Accordingly, money, used in such capacity, is a “medium of exchange”; accordingly, again, value is exchanged for value. If the value of the gold in the coin declines, then more such coins will be needed to exchange for other goods; if the value of other goods declines then more of them will be needed to exchange with the original coin. Obviously, barter being the essence of ordinary mercantile transactions, the seller will not part with goods for less gold than the coin is intrinsically worth; nor, obversely, will the purchaser part

with his gold for less value in whatever other goods are offered for sale. The final conclusion of all this is that the decline, or the rise, in the value of gold, like the decline, or the rise, in value of other property in the market is self-adjustable; is self-adjusted; it causes no conflict among property-holders.

But money figures also in another capacity. The next step to the coin stage with money, where it figures in barter, is the stage where it figures in the liquidation of debts—a function that indicates an advanced state of society. Already at the coin stage there is a society whose word is taken. The coin is usually accepted at the value stamped on it. Nevertheless, the seller need not, and does not accept the same if for any reason he doubts the word of society stamped on the coin. It is otherwise with money as a debt-payer. The debtor, who, at the maturity of his debt, lays down the amount of coin contracted for, is said to make a “legal tender,” and the creditor has no choice but to accept the same. The value of the gold may have declined, but as the contract calls for so and so much coin, so and so much coin remains payment. Money, accordingly, in its function of a “debt payer” depends upon the fiat of Government. The obvious conclusion of this is that he who has a debt, contracted years ago when gold was more valuable, and maturing to-day when gold is less valuable, is in clover. He can legally cancel his debt with a coin that is less valuable than when he contracted the debt.

Thus, at present, the high-price question is again a money question—only the storm now blows from another quarter. In the nineties, the debtor class had to cancel its debts with a coin that was more valuable than when the debt was contracted—hence the debtor called the creditor an “extortionist,” and the creditor called the debtor who sought to pay in 16 to 1 a “repudiator.” To-day, the storm is blowing from the opposite quarter. The debtor class now can cancel its obligations with a coin that is less valuable than when the debt was contracted—hence a number of financial earthquakes, in which creditor and debtor have not yet started to call each other names, but which illumine this “best of all social systems,” as capitalism loves to call itself.

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