MR. SPOONER'S ISLAND COMMUNITY.

IF one could only accept all of Mr. Lysander Spooner's assumptions as true, his argument would be sound and his conclusions would follow. Unfortunately for him, his most material assumptions have no basis. Let us take his first case: one hundred men on a solitary island; each producing ten bushels of wheat, exactly enough for his own wants; each the possessor of coined money to the amount of what we call five dollars. It is true, wheat would have no *price*, though it would have a value. Now, Mr. Spooner supposes that one of the hundred men abandons wheat-growing and produces something else. The other ninety-nine, however, produce as much as before. A, who now raises no wheat, must buy ten bushels. He pays for it, Mr. Spooner supposes, — for it must be pure assumption, — one cent a bushel.

Here then we have a price fixed for all the wheat grown, — not simply for the ten bushels A must buy.

Next year B also stops wheat-growing, and engages in another occupation. What will be the price of wheat then? Two cents, says Mr. Spooner. Isn't that getting ahead rather fast? The ninety-eight men have produced one thousand bushels, as before, and they need only nine hundred and eighty bushels. Neither supply nor demand has changed. There are twenty bushels for sale, and twenty are wanted by two men. Of course the price remains unchanged, at one cent a bushel. If it went higher than that, each of the ninety-eight men would endeavor to produce a surplus the next year, — Mr. Spooner's theory allows one man to produce the entire thousand bushels, — and the result would be an excessive supply, and a price fixed at a fraction of a cent, instead of a whole cent, a bushel.

The whole fallacy of this part of Mr. Spooner's reasoning

rests on the assumption, wholly unwarranted, that the number of buyers, rather than the amount of an article they need or the supply in the market, regulates the price. Fifty men, needing each ten bushels of wheat, would fare as well in a market where five hundred bushels were for sale, as would one man in a market where there were only ten bushels to be had. And the number would have no effect whatever on the price. And if there be only two sellers who are *real competitors* for the trade of the community, prices will be as steady as if there were a hundred sellers. This is a matter of common experience, and not of theory. We can therefore safely divide by one hundred the amount of money declared by Mr. Spooner to be needed by this community of one hundred persons.

But Mr. Spooner supposes that, when A quits wheat-growing, he engages in a business which produces something worth the whole amount of the wheat crop on the island. That is a very violent hypothesis, but let us adopt it. Each of the ninety-nine men who successfully engages in a new occupation does the same, we are told; and the result is that, when every man on the island is in a business different from all the others, the aggregate production is one hundred times as great as at the beginning.

Now, let us begin back at the beginning. A, we will say, makes shoes enough for the whole community. What can he get for them? Mr. Spooner's hypothesis requires that he should get ten cents from each member of the community, — that is, the value of the wheat crop which each has raised. So he pays out ten cents for wheat, and he takes in ten dollars for shoes. What follows? Will B, and C, and D raise wheat next year, or will they rush into the shoe trade, glut the market, and drive down the price? The latter, of course; or, what would be more likely, A would find a hard market. The wheat producers would say to themselves: We got along without shoes when we all sowed wheat, and we can do so still, rather than pay the whole value — ten cents — of our crop for them. Consequently, next year A would be glad to reduce his price.

But let us grant that in some way or other each man of the hundred has finally got into a separate business of his own, and that he produces a full supply for one hundred men of some article that must be had by all. Do they then need for purposes

of trade more money than five dollars each? Certainly not. The demand and supply of money regulates its value as much as the same circumstances regulate the value of any thing else. Instead of more money being needed, it may be doubted if any money at all would be required in such a community. It would only be necessary to keep accounts with one hundred men. A wants one hundredth part of the wheat which X produces; X wants one hundredth part of the shoes which A makes. When they have given each other what is due, the account is squared.

Still, that might not be convenient. There would be, we will suppose, a very quick and active demand for money. Then the value of it would increase. A would need it so much that he would sell a pair of shoes for five cents instead of for ten; B would sell a hat for five cents where he had been asking ten; and so on through the list. The fall in prices would be one-half and would diminish the demand for money by so much, or, in other words, money would be worth twice as much. As production grew, the prices would fall, or the value of money would rise, again; and so on, until at the end the volume of currency would be made "equal to the wants of trade" by the simple process of raising the value of each cent or dollar.

We have come to this, then: during the whole progress of the change from wheat-growing to other occupations, the price of wheat has never been able to rise above one cent a bushel. As the demand for money has increased, the price of that and other commodities has declined. The *value* of the wheat grown, and of every thing else, has been the same from beginning to end, because demand and supply balanced each other exactly at all times. The purchasing power of money has increased. The five dollars every man had at the beginning will buy, say, what would then have cost twenty dollars. Then a smaller amount of money does the same work.

The community is just as rich and just as prosperous as if it had more money. The man who can buy ten bushels of wheat for ten cents and has twenty cents, is as rich as the man who with twenty dollars in his pocket must pay ten dollars for ten bushels of wheat.

I have confined myself wholly to Mr. Spooner's first case, but it covers all the rest. Every condition is changed the moment

the element of intercourse with the rest of the world is introduced; but as Mr. Spooner does not discuss it, I leave it alone. He, however, builds up a huge structure of fancy as to the amount of money that would be required by a community of ten thousand men, and then goes to work to trim it down, until he settles on the conclusion that each of the ten thousand would need one hundred thousand dollars. Now, suppose that we raise the value of the dollar to one thousand times as much as it is now, why would not one hundred thousand mills serve the purpose? When Mr. Spooner can show that a community which called its unit of value a mill and used an iron or other coin to represent it, would not be as rich, and prosperous, and every way as "well-off" as a community that made its trades in dollars and used gold, — provided always that both were cut off from intercourse with the world, — it may be worth while to continue the discussion. But until he can show that the *number of buyers* rather than the *excess or deficiency of a commodity* governs prices; *that the value of money is unchangeable,* resisting the influence both of the number of persons requiring it and of the amount they want; and *that it makes a community wealthy to reckon values in dollars rather than in cents or mills,* — I must hold that he has not begun to prove his ingenious theories to be true.

EDWARD STANWOOD.