

# DAVID AMES WELLS

ROBINSON CRUSOE'S  
MONEY

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Robinson Crusoe's Money; / or, The Remarkable Financial Fortunes and  
Misfortunes of a Remote Island Community:*

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# **David Ames Wells**

## **Robinson Crusoe's Money; / or, The Remarkable Financial Fortunes and Misfortunes of a Remote Island Community**

### **Preface**

The origin of this little book is as follows: Some months ago, the expediency was suggested to the author, by certain prominent friends of hard money in this country, of preparing for popular reading—and possibly for political campaign purposes—a little tract, or essay, in which the elementary principles underlying the important subjects of money and currency should be presented and illustrated from the simplest A B C stand-point. That such a work was desirable, and that none of the very great number of speeches and essays already published on these topics in all respects answered the existing requirement, was admitted; but how to invest subjects, so often discussed, and so commonly regarded as dry and abstract, with sufficient new interest to render them at once attractive and intelligible to those whose

tastes disincline them to close reasoning and investigation, was a matter not easy to determine.

At last the old idea—recognized in fables, allegories, and parables—of making a story the medium for communicating instruction, suggested itself; and, in accordance with the suggestion, a remote island community has been imagined, in which, starting from conditions but one remove from barbarism, but gradually rising to a high degree of civilization, the progress, the use, and the abuse of the instrumentalities and mechanism of exchange—through barter, money, and currency—have been traced consecutively; and the effect of the application of not a few of the most popular fiscal recommendations and theories of the day practically worked out and recorded. And, in carrying out this scheme, the reader will not fail to perceive, by reference to the marginal notes accompanying the text, that hardly an absurdity in reference to exchange, money, or currency can be imagined, which somewhere and at some time has not had its exact counterpart in actual history or experience.

If any apology for the objects designed or the course pursued is needed, the author thinks he finds it in the precedent established by the illustrious Geoffrey Crayon, Gent., who, in the introduction to his “Tales of a Traveler,” thus happily sets forth the special advantage which accrues from the proper employment of a story as a means of communicating information. “I am not,” he says, “for those barefaced tales which carry their moral on their surface, staring one in the face; on the

contrary, I have often hid my moral from sight, and disguised it as much as possible by sweets and spices; so that while the simple reader is listening with open mouth to a ghost or love story, he may have a bolus of sound morality popped down his throat, and be never the wiser for the fraud.”

Whether in “Robinson Crusoe’s Money” the author shall succeed in inducing his fellow-countrymen—to whom the ordinary currency medicine is becoming distasteful—to swallow without wry faces the same dose sugar-coated, remains to be determined.

*Norwich, Conn., January, 1876.*

# Chapter I.

## The Three Great Bags of Money

All who have read “Robinson Crusoe” (and who has not?) will remember the circumstance of his opening, some time after he had become domiciled on his desolate island, one of the chests that had come to him from the ship. In it he found pins, needles and thread, a pair of large scissors, “ten or a dozen good knives,” some cloth, about a dozen and a half of white linen handkerchiefs concerning which he remarks, “They were exceedingly refreshing to wipe my face on a warm day;” and, finally, hidden away in the till of the chest, “*three great bags of money—gold as well as silver.*”

The finding of all these articles—the money excepted—it will be further remembered, greatly delighted the heart of Crusoe; inasmuch as they increased his store of useful things, and therefore increased his comfort and happiness. But in respect to the money the case was entirely different. It was a thing to him, under the circumstances, absolutely worthless, and over its presence and finding he soliloquized as follows: “I smiled at myself at the sight of all this money. ‘Oh, drug!’ said I, aloud, ‘what art thou good for? Thou art not worth to me, no, not the taking off the ground. One of these knives is worth all this heap. Nay, I would give it all for a gross of tobacco-pipes; for sixpenny-

worth of turnip and carrot seed from England; or for a handful of pease and beans, and a bottle of ink.”

In introducing this episode in the life of his hero, nothing was probably further from the thought of the author, De Foe, than the intent to give his readers a lesson in political economy. And yet it would be difficult to find an illustration which conveys in so simple a manner to him who reflects upon it so much of information in respect to the nature of that which is popularly termed “*wealth*,” or so good a basis for reasoning correctly in respect to the origin and function of that which we call “*money*.” And in such reasoning, the truth of the following propositions is too evident to require demonstration:

1st. The pins and needles, the scissors, knives, and cloth were of great *utility* to Robinson Crusoe, because their possession satisfied a great desire on his part to have them, and greatly increased his comfort and happiness.

2d. Possessing utility, they nevertheless possessed no exchangeable *value*, because they could not be bought or sold, or, what is the same thing, exchanged with any body for any thing.

3d. They had, moreover, no *price*, for they had no purchasing power which could be expressed as money.

4th. The money, which is popularly regarded as the symbol and the concentration of all wealth, had, under the circumstances, neither utility, value, nor price. It could not be eaten, drunk, worn, used as a tool, or exchanged with any body for any thing, and fully merited the appellation which Crusoe in

another place gives it, of “*sorry, worthless stuff.*”

Finally, the pins, needles, knives, cloth, and scissors were all *capital* to Robinson Crusoe, because they were all instrumentalities capable of being used to produce something additional, to him useful or desirable. The money was *not capital*, under the circumstances, because it could not be used to produce any thing.

Starting, then, with a condition of things on the island in which money had clearly neither utility nor value, let us next consider under what change of domestic circumstances it could become useful, acquire value, become an object of exchange, and constitute a standard for establishing prices.

## **Chapter II.**

# **A New Social Order of Things**

The first person that came to join Robinson Crusoe on his island was Friday, and next, Friday's father. But even with this increase of numbers there was still no use for the money, inasmuch as the three constituted but one family, the members of which labored and shared all useful things they acquired in common, and made no exchanges. But when Will Atkins and the English sailors came, and the population of the island, we may suppose, was largely and permanently increased, a new social order of things became inevitable. Incompatibility of taste and temper, and a natural desire for personal independence, soon made it impossible for all to live and share in common as one family. And self-interest also soon taught, that, in order that the quantity of useful things available for the new community as a whole might be increased, and their quality perfected, it was desirable, that, instead of each man endeavoring to supply all his own wants, and for this purpose following irregularly the business of a carpenter, baker, tailor, mason, and the like, it was best for each man to pursue but one occupation, and, making himself skilled in it, procure the things which he himself did not produce, and which he might need, by exchanging his own products or services for the products or services of some other

man. They saw instinctively that Robinson Crusoe, although originally civilized, would, if he had remained alone on the island, have inevitably become a pure savage, and simply because he was alone, and could make no exchanges. For a time, the things which he obtained from the wreck raised him above this condition; for what the ship brought him—the knives, axes, guns, cloth, etc.—were capital, or the accumulated labor of other men. But if the ship had given him nothing, he would have had to make every thing for himself—“his hat, his garments, his feet-covering, his bread, his meat with bow and arrows, his house by blows of his hatchet, his hatchet by blows of his hammer, his hammer heaven knows how”—and become a barbarian in spite of himself, because all his effort would have been required, and would have only sufficed, to insure him a bare subsistence.

Systematic division of labor and the exchange of products and services thus, for the first time on the island, came in, and constituted a part of the perfected machinery of production, or the means of getting a living. And it is also to be here noted, that, because commodities and services now for the first time became exchangeable, they also for the first time acquired the attribute which we call *value*.

## Chapter III.

# The Period of Barter

All exchanges must, however, in the first instance, have been made directly, or, as we term it, by *barter*; so much of one commodity or service being given for so much of some other commodity or service—corn for cloth, furs and skins for knives or tobacco, so much labor in building a house for so much skill in constructing a canoe. But in all this method of exchanging, which, while it is the most ancient, is also one which still extensively prevails in even the most civilized societies, there was no place for the use or intervention of money; and consequently, also, there was no such thing as price; for price, as before stated, is the purchasing power of any commodity or service expressed in money.

But the people on Robinson Crusoe Island soon found out by experience that there was an obstacle in the way of carrying on all exchanges according to the principle of direct barter, so serious in its nature as to constitute, unless removed, a complete bar to any further considerable progress in civilization and social development. And the discovery happened somewhat in this wise:

Twist, who was a tailor, and had made a coat, discovered all at once that he was out of bread; and being hungry, suspended

work, and went in search of Needum, the baker, to effect an exchange. He found him without difficulty, just heating his oven, and with plenty of bread to dispose of; but as the baker had all the coats he wanted, he declined to trade. Needum, however, kindly informed Twist that if any fellow should call with any surplus grain or flour, he (Needum) would be most happy to supply him with all the bread he needed in exchange; but as the tailor was neither a farmer nor a miller, and had neither of these articles, he (Twist) set off for the other end of the island, where there was another baker, to see how the latter was situated in respect to garments. On his way, Twist was overtaken by Pecks, the mason, who had no coat, and, wanting the very garment which Twist had been making, had stopped work on a stone wall and gone in search of the tailor, to whom he proposed to exchange the coat for a new chimney. But as Twist had already two chimneys to his house, and nothing to cook, and didn't want another chimney, the mason was as unsuccessful in his effort to trade with the tailor as the tailor had been just before with the baker. At last, after much vexatious traveling about, involving great waste of time and labor, Twist found a baker who wanted to exchange bread for the coat, and Pecks a tailor who would give a coat for a chimney; Needum having, in the mean time, shut up his bakery and gone in search of Diggs, the farmer, who was willing to supply grain for bread. But when all these different persons, each desirous of exchanging his special products or services, had been found, and had come together, a new perplexity at once

made its appearance, and one so embarrassing as to cause each man seriously to consider whether it were not better to return home and endeavor to produce every thing for himself, rather than attempt to exchange any thing. “For how,” said they all, “is the comparative value of our different commodities and services which we propose to exchange to be ascertained?” “How can I know,” said Twist, “how many loaves I ought to receive for my coat?” “Or I,” said Pecks, “find out how high and broad a chimney I ought to make for my garment?” Diggs, furthermore, got up a little private dispute of his own with Needum, growing out of the circumstance that the latter wanted to make his entire payment in bread to the former at once; while Diggs, who did not relish the idea of living on stale and possibly moldy bread for an indefinite length of time, wanted pay for his grain, from the baker, at the rate of one fresh loaf per day. As for poor Twist, he had become by this time so humble through hunger that he had not the heart to object to the proposition to take a cart-load of bread at once in exchange for his coat, although his house was so small that he knew he would have to store part of his “pay” on the roof, where it would be certain to be eaten by others than his own family.

There was another incident which happened about this time which made much talk among the island community. A man who had nothing to sell but his labor had been employed to load a vessel with coal—a vein of which had been discovered; and, after working faithfully all day, had received in pay for his

services a ton of coal. But as it was meat, drink, and lodging, and not coal (although the latter was greatly needed for some purposes), which the laborer wanted, there was nothing left for the laborer to do but to attempt to exchange his coal, and that, too, as soon as possible, in order to satisfy his immediate necessities. Being too poor to hire a horse and cart, he therefore borrowed a wheelbarrow, and, filling it with coal, went in search of persons who had a surplus of meat, drink, and lodgings to dispose of. But all of them happened to have all the coal they wanted; and morning found the laborer still trundling through the streets his most useful commodity unexchanged, and ready to sink with hunger and exposure. A like experience befell also the journeyman butcher, blacksmith, carpenter, and dry-goods clerk, who received for their day's labor respectively a sheep-skin, a dozen horse-shoes, a piece of pine timber, and two yards of red flannel. All were in no condition, through bodily exhaustion, to resume work on the next day; and all also clearly saw that their condition would not have been much improved, if each had received an entire payment in either meat, drink, or lodging, in place of coal, skin, lumber, horseshoes, or cloth.

The laborers, therefore, held a meeting, and at once resolved: "That whereas it was evident that the system of paying for labor with a portion of the commodity which each laborer produced would necessitate as much time and labor to make their wages serviceable to their wants as was required in the first instance to earn said wages; therefore, it was but right and proper that

the employers should allow the laborers to use half of the whole time for which they were paid, for the purpose of rendering their wages wholly available for their immediate necessities.” But to this the employers rejoined that such an agreement would be equivalent not only to doubling the proportion of wages to direct production, but also to impairing, to the extent of one-half, the effectiveness of all labor engaged in production, thereby increasing scarcity, diminishing abundance, and rendering further advance in material development exceedingly slow, if not altogether impossible. For a time, therefore, there was a prospect of a very serious difficulty between the representatives of labor and the representatives of capital; resulting, as is always the case, in immense losses, not only to those directly concerned, but to the whole community.

# Chapter IV.

## How They Invented Money

The people on the island—both laborers and employers—were, however, fully agreed that life was too short to waste a good part of it in a game of “blindman’s-buff” on a large scale—for such this attempt to conduct exchanges on a basis of direct barter substantially was;<sup>1</sup> but they nevertheless also clearly perceived that the game would continue to be played, to the interruption of all material progress, unless some other method of exchanging could be devised and adopted. Under the guidance, therefore, as it were, of instinct (Robinson Crusoe encouraging), *and without any enactment of law*, Twist, Needum, Pecks, Diggs, Friday, Friday’s father, Will Atkins, and every body else, by common consent, agreed to select and adopt some

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<sup>1</sup> That the inconveniences experienced by a community attempting to conduct its exchanges exclusively by pure and direct barter as here depicted, are not only not imaginary, but have their exact counterpart in the present every-day experiences of countries of great geographical area and population, is proved by the testimony of Barth, Burton, and other recent travelers in Eastern Africa. Thus Barth, for example, says (see “Travels,” vol. i., p. 568; vol. iii., p. 203) that he was repeatedly prevented from buying what he absolutely needed—corn, rice, etc.—because he did not have, and could not get, what the people wanted in exchange; and, again (vol. ii., p. 51), he states that so great was the difficulty of getting things in some of the African towns which he visited, in consequence of the people having no general medium of exchange, that his servants would often return from their purchasing expeditions in a state of the utmost exhaustion.

single commodity which all should agree to take in exchange for whatever of products or services they might have to dispose of; so that whenever any one had any thing to exchange, he might first exchange it for this commodity, whatever it might be, and then with such *intermediate object* purchase at such times and places, and in such proportions as he might desire, whatever he might need. And the moment this was done, civilization on the island took a long step forward, and the first great embarrassment growing out of the attempt to exchange exclusively by direct barter was removed. The tailor was no longer in danger of starving; the mason had no longer any anxiety about procuring clothing, and the laborer received as pay for his labor something which gave him an equivalent in meat, drink, lodging, and other necessities which he might need, without trouble; every man giving freely of his goods or services for the intermediate object, because he knew that every other person desirous of exchanging would be willing to do the same.

Again: the selection of some commodity or article, and the investing it by common consent with a universal and comparatively unvarying purchasing power, also solved the second perplexity, inasmuch as it provided a measure or standard, for ascertaining the comparative value or purchasing power of every other exchangeable commodity or service; and in precisely the same manner as the length or weight of any thing is ascertained, *i.e.*, by comparing it with some other thing which the community have universally agreed to recognize as a standard of

length or weight—as, for example, the rod of wood which we call a yard-stick, or a piece of metal which is termed a pound. “My loaves are each worth ten pieces of the intermediate commodity,” said Needum, the baker! “My coat,” rejoined Twist, the tailor, “is worth a thousand pieces!” The terms of fair exchange between the baker and the tailor would therefore have been one hundred loaves for one coat.

The general name given to the *commodities or articles* which the people of different countries universally accept in exchange, as the equivalent for all other commodities or services, and as the measure of values, is *money*.

The commodities or articles which have been selected by men at various times and places to serve as this universal equivalent, intermediate agent, or medium for facilitating exchanges, have been exceedingly various. Among the North American Indians, and the early settlers who came among them, wampum and beaver-skins were used as money; among the natives of West Africa, money consists of small shells called “cowries;” in Abyssinia, the common money of to-day is salt; in Chinese Tartary, it is cubes of pressed tea; and within a comparatively recent period small cakes of soap have been used as money on the west coast of Mexico. Among pastoral people of antiquity, cattle and sheep were so extensively used for money that our common English word *pecuniary* has its derivation from the old word *pecus*, signifying a flock. And while we read in Homer that

the price of the armor of Glaucus was one hundred head of cattle, we also know that the Zulus of South Africa pay their debts to-day in cattle, and reckon their wealth by the same standard.

*Money, therefore, existed before statutes, and exists and is used to-day among nations who have no written or acknowledged code of laws.*

It is also of importance to a clear understanding of this subject to recognize at this point another fundamental fact, namely, that there is no evidence that any nation or people has ever adopted, in the first instance, any article or commodity to use as money which did not possess, by reason of some inherent or intrinsic desirable qualities, a natural purchasing power or value. And a little reflection will make it obvious that this must have been so from necessity. For in the absence of all law defining what money should be, and regulating exchanges, the adoption of any article to serve as money which represented little or no effort for its production or accumulation would enable the shrewd, the idle, or unscrupulous, easily, and without fear of punishment or restraint, to take from the rest of the community products which represented the expenditure of time and labor, without giving in return any equivalent. Thus, for example, if dried leaves, or pieces of paper with such marks as any might choose to stamp or scrawl upon them, had been invested with a universal purchasing power, the primary practical result of the use of such money would have been to enable somebody to obtain something for

nothing, or to permit those who would not work or save, to rob those who did. The people on the island, being uneducated, never did any such foolish thing; but when they came to study history, they found out, to their great surprise, that the people of other countries had repeatedly used things worthless in themselves as money; and many years afterward a man who aspired to be a great teacher even came to the island from the United States, and endeavored to convince the people that it was a great defect to use any thing as money which had any intrinsic value as a commodity.<sup>2</sup> The children of the first school he attempted to talk to soon made his position embarrassing by reading from their histories that the people of every country, especially the poor and ill-informed, who had ever attempted to facilitate their exchanges by using something as money which had no intrinsic value, had in every case been so swindled and robbed, as a consequence, that sooner or later they were always compelled, as a measure of simple self-protection, to abandon its use, and in its place adopt something as money which had a generally acknowledged and comparatively permanent inherent value or purchasing power as a commodity.

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<sup>2</sup> “The precious metals have many qualities which fit them for use as coin money. Their defects are their weight, their intrinsic value as commodities.”—*Social Science and National Economy*, by R. E. Thompson, Philadelphia, 1875. “The moment it is perceived that money is nothing but a token, it becomes evident that any token currently accepted in exchange of useful services and products of labor will perform the proper functions of money without regard to the material of which it is made; and that the less costly the material out of which money is made, the better for the community that uses it.”—*Money, Currency, and Banking*, by Charles Moran, New York, 1875, p. 42.

The following were some of the narrations which the children found and read out of their histories:

“In December, 1861, a poor soldier’s widow put into the savings-bank two hundred dollars in specie, and then removed with four young children to California. In July, 1864, when gold stood at two hundred and eighty, she sent for her money. In return, she received a gold draft for eighty-three, accrued interest at six per cent, included.”—Henry Bronson, *Nature and Office of Money*.

“The morals of the people were corrupted (by the Continental irredeemable money) beyond any thing that could have been believed prior to the event. All ties of honor, blood, gratitude, humanity, and justice were dissolved. Old debts were paid when the paper money was worth no more than seventy for one. Brothers defrauded brothers, children parents, and parents children. Widows, orphans, and others were paid for money lent in specie with depreciated paper.”—Breck, *Sketch of Continental Money*.

“The assignats gradually dwindled down to nothing, involving the whole land in ruin—excepting a few lucky speculators—and resulted eventually in national bankruptcy. When thousands of wretches, even before the final collapse of the assignats, were committing suicide to escape starvation, war was a blessing; and Napoleon was the instrument by means of which all Europe was made to feel the results of worthless money, either directly or by inoculation, from its maddened victims.”—*Notes on the French Assignats, and their Influence*.

“He had to pay four hundred dollars for a hat; for a pair of boots the same. He wanted a good horse, but was asked a price equivalent to ten years’ pay.” “My six months’ earnings will scarce defray the most indispensable outlay of a single day. \* \* \* For a bed, supper, and grog for myself, my three companions, and their servants, I was charged, on going off without a breakfast next day, the sum of eight hundred and fifty dollars.”—*Life of General De Kalb*.

“In all, from first to last (1835 to 1841), the amount of notes, bills, drafts, bonds, etc., issued by the Treasury of the Republic of Texas, and serving to a greater or less extent as a ‘circulating medium,’ amounted to \$13,318,145, or at the rate of more than two hundred and sixty dollars per head of the entire population. If paper issues serving as money could have made a people rich, the Texans ought to have been the richest people in the universe. In January, 1839, Texas treasury-notes were worth no more than *forty cents on the dollar*; in the spring of 1839, they were worth thirty-seven and a half cents; in 1841, from twelve to fifteen cents; and in 1842 it required, in the characteristic language of the times, ‘fifteen dollars in treasury-notes to buy three glasses of brandy-and-water without sugar.’ ‘By this time there was little circulating medium of any kind in Texas; but this was no great calamity, as the people had but little left to circulate.’ The evils the system did were immense, and such as for which, even were it so disposed, the Government could afford no compensation to the sufferers.”—Gouge’s *Fiscal History of Texas*.

Again, one of the principal objects for which money was

devised and brought into use was to serve as a measure, or standard, for estimating the comparative value of other things. But it seems hardly possible to conceive of a person desirous of using money for such purpose, selecting an article to measure values which in itself possesses no value, or costs no labor to produce, any more than he would select as a standard for measuring length something which had no length, or as a standard for measuring weight something which had no weight. The people of the island must have been unusually stupid if they did not from the outset, therefore, clearly see that nothing can be reliable and good money under all circumstances which does not of itself possess the full amount of the value which it professes on its face to possess.

## **Chapter V.**

# **How the People on the Island and Elsewhere Learned Wisdom**

But while any commodity possessed of acknowledged purchasing power or value may be used as money, the experience of the islanders and every other people must have soon taught them that some commodities are much better adapted to this purpose than others; or, rather, that the use of certain commodities as money, while they may answer the purpose, nevertheless entail very serious disadvantages. And the details of the manner in which this information has been acquired by experience constitute one of the most interesting chapters in the world's history. The experience of the islanders was somewhat as follows:

At the outset they agreed to use cowries—a pretty shell picked up on the beach, and which the women all desired to have and use as an ornament. These shells were not, however, plentiful; and, in fact, it was found that it required about as much time and labor for a man to collect a hundred of them as it did to grow a bushel of wheat. Consequently, wheat regularly exchanged for cowries (as money) at the rate of one hundred cowries for one bushel, while the farmer with two thousand cowries could readily buy a plow, which was considered equivalent in value to twenty

bushels. By-and-by, some idle fellows that were in the habit of sailing made a long excursion, and, for the first time, visited a little island on the remote horizon. When they landed, they found, to their surprise, that instead of cowries being very scarce on the beach, they were very abundant. They winked at one another, and said little; but each man proceeded to gather all the cowries he could, and, returning to the main island, kept their discovery a profound secret.

The first thing of note that next happened among the Robinson Crusoe people was a great and unexpected revival in business. Money began to grow abundant. Societary circulation was never so active. Every thing that was offered for sale speedily found a purchaser, and, demand increasing, prices rapidly increased also. It was also noticed that a few persons who never did any regular work, but speculated and gambled all the morning, and took pleasant sailing excursions every afternoon, had, especially, plenty of money, which, as patriotic citizens, desirous of making trade lively, they were always most ready to part with for other commodities. The shop-keepers, the farmers, and the mechanics, all also finding that they had more money than usual, all also felt impelled to buy something, and prices took a fresh start upward, so that a bushel of wheat that could previously have been sold for one hundred cowries easily brought one hundred and fifty, and even two hundred. But, on the other hand, the farmer, instead of being able to buy, as before, a plow for two thousand cowries, now found that he had to pay double,

or four thousand; or, in other words, the cowries had only about one-half the purchasing power they possessed before.

But for a time every body was jubilant. Was it not evident that the value of every man's possessions, measured in cowry money, had greatly increased—and what could be more natural than that the shrewd adventurers who had been the authors of these golden days should be highly honored, invited to speak before cowry clubs in all parts of the island, and be even talked of for the chief offices, which still continued to be filled by Robinson Crusoe and his man Friday? The continually augmenting prices—measured in cowry money—of all commodities, or, what is the same thing, the continually diminishing purchasing power of the cowries, at last began to attract attention, and this in turn induced distrust; so that the price of a bushel of wheat, which had been at first one hundred cowries, and then two hundred, rose to three, four, and even five hundred cowries. Another remarkable circumstance noticed was, that, as prices increased, the wants of trade for cowry money also increased proportionably, which want the adventurers who had been the means of giving the island its increased volume of money took care to supply by bringing additional quantities of cowries as they were needed. It was also observed that, as distrust increased, there was also a remarkable increase in societary activity; for every body desired to change off his cowry money for something else.<sup>3</sup> Persons who

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<sup>3</sup> “To my mind, the great and immediate need of the day is the issuance of more legal-tender notes, in order to impair the confidence in them to an extent as to cause

were in debt made haste to pay their debts, and every body was ready to lend cowry money to start all sorts of new enterprises. A company was organized, for example, with a capital of ten million cowries, to explore the wreck of the original ship which brought Robinson Crusoe to the island; and although nobody knew exactly where the wreck was, or what was supposed to remain in it, it was advocated as affording great opportunity for labor. Another project, for which a company with fifty million cowries capital was started, was to build a system of canals across the island, although the island had a width of only about ten miles, with a remarkably safe ocean navigation all around it.

Finally, the secret of the whole matter gradually leaked out. Other people besides the original three shrewd fellows found out where the supply of cowries came from, and made haste to visit the remote island, provide themselves with money, and put it in circulation. But the more money that was issued, the more was needed to supply the wants of trade, until at last it took a four-horse wagon-load of cowries to buy a bushel of wheat. Then the bubble burst. Stock-companies all failed. Trade became utterly stagnant. The man whom Robinson Crusoe had made secretary of the island treasury thought he could help matters by issuing a few more cowries, but it was no use. Some very

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the owners of them to desire to exchange them for other kinds of property, or man's wants—not simply to loan out on short or long date paper, with fire-proof security, at low or high rates of interest, which can now be done to any extent required—but absolutely part with them for other kinds of property.”—*Views of Enoch Ensley, of Memphis, Tennessee, on the National Finances*, Memphis, September, 1875.

wise persons were certain that every thing would be all right again if people would only have confidence; but as long as the people who worked and saved were uncertain what they were to receive for the products of their labor—something or nothing—confidence didn't return. Every body felt poor and swindled. Every body who thought he had money in savings-banks woke up all at once to the realization that his money was nothing but a lot of old shells. Every body had his bags, his tills, and his money-boxes filled with shells, which he had taken in exchange for commodities which had cost him valuable time and labor. Strictly speaking, however, calamity did not overtake every body. There were some exceptions, namely the shrewd and idle fellows who had first found the cheap supply of cowries, and, taking advantage of the ignorance of the community, had added them to the before-existing circulation to serve as money. All these had taken very good care to keep the substantial valuable things—houses, lots, plows, grain, etc.—which they had received in exchange. They had, in fact, grown rich by robbing the rest of the community.<sup>4</sup> The community, however, were too courteous to

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<sup>4</sup> “In the midst of the public distress, one class prospered greatly—the bankers; and, among the bankers, none could, in skill or in luck, bear a comparison with Charles Duncombe. He had been, not many years before, a goldsmith of very moderate wealth. He had probably, after the fashion of his craft, plied for customers under the arcades of the Royal Exchange, had saluted merchants with profound bows, and had begged to be allowed the honor of keeping their cash. But so dexterously did he now avail himself of the opportunities of profit which the general confusion of prices gave to a money-changer, that, at the moment when the trade of the kingdom was depressed to the lowest point, he laid down near ninety thousand pounds for the estate of Helmsley,

call them thieves, and in conversation they were usually referred to as shrewd financiers, and as men ahead of their time. The concluding act of this curious island experience was, that the formerly so highly prized money became depreciated to such an extent as to possess value only as a material for making lime. The people accordingly, by burning, made lime out of it, and then, in order to make things outwardly cheerful, used the lime as white-wash. But upon one point they were all unanimous, and that was, that the next commodity they might select to use as money should be something whose permanency of value did not depend on elements capable of being suddenly affected by accidental circumstances, or arbitrarily and easily changed by the devices of those who desired to get their living without working for it.

But this experience of the islanders in reference to the originating and using of money, although curious, has not been exceptional; for the records of history show that men almost everywhere, in going through the process of civilization, have had a greater or less measure of the same experience. One particularly noteworthy illustration of this is recorded in the “History of New York,” by Diedrich Knickerbocker, and in the manuscript records of the New York Historical Society. It was in the days of Dutch rule—1659—in New Amsterdam (afterward New York), when the common money in use was the so-called Indian money, or “wampum;” which consisted “of strings of

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in the North Riding of Yorkshire.”—Macaulay’s *History of England, State of the Currency in 1694–95*.

beads wrought of clams, periwinkles, and other shell-fish. These had formed a simple currency among the savages, who were content to take them of the Dutch in exchange for peltries.”

William Kieft was at that time governor, and being desirous of increasing the wealth of New Amsterdam, and withal, as the historian relates, somewhat emulous of Solomon (who made gold and silver as plenty as stones in the streets of Jerusalem), he (the governor) determined to accomplish his desire, and at the same time rival Solomon by making this money of easy production the current coin of the province. “It is true, it had an intrinsic value among the Indians, who used it to ornament their robes and moccasins; but among the honest burghers it had no more intrinsic value” than bits of bone, rag, paper, or any other worthless material. “This consideration, however, had no weight with Governor Kieft. He began by paying all the servants of the company, and all the debts of the Government, in strings of wampum. He sent emissaries to sweep the shores of Long Island, which was the Ophir of this modern Solomon, and abounded in shell-fish. These were transported in loads to New Amsterdam, coined into Indian money, and launched into circulation.”

“And now for a time affairs went on swimmingly. Money became as plentiful as in the modern days of paper currency, and, to use a popular phrase, ‘a wonderful impulse was given to public prosperity.’”

Unfortunately for the success of Governor Kieft’s scheme, the Yankees on Connecticut River soon found that they could

make wampum in any quantity, with little labor and cost, out of oyster-shells, and accordingly made haste to supply all the wampum that the wants of trade in New Amsterdam required; buying with it every thing that was offered, and paying the worthy Dutchmen their own price. Governor Kieft's money, it is to be further noticed, had also in perfection that most essential attribute of all good money, "*non-exportability*." Accordingly, when the Dutchmen wanted any tin pans or wooden bowls of Yankee manufacture, they had to pay for them in substantial guilders, or other sound metallic currency; wampum being no more acceptable to the Yankees in exchange than addled eggs, rancid butter, rusty pork, rotten potatoes, or any other non-exportable Dutch commodity.<sup>5</sup>

The result of all this was, that in a little time the Dutchmen and the Indians got all the wampum, and the Yankees all the beaver-skins, Dutch herrings, Dutch cheeses, and all the silver and gold of the province. Then, as might naturally have been expected, confidence became impaired. Trade also came to a stand-still, and, to quote from the old manuscript records, "the company is defrauded of her revenues, and the merchants

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<sup>5</sup> "Beyond the sea, in foreign lands, it (the greenback) fortunately is not money; but, sir, when have we had such a long and unbroken career of prosperity in business as since we adopted this non-exportable currency?"—*Speech of Hon. William D. Kelley, House of Representatives, 1870*. "I desire the dollar to be made of such material, for the purpose, that it shall never be exported or desirable to carry out of the country. Framing an American system of finance, I do not propose to adapt it to the wants of any other nation."—*Speech of General B. F. Butler before the New York Board of Trade, October 14th, 1875*.

disappointed in making returns with which they might wish to meet their engagements." It is safe to conclude that, after this, the commodity made use of by the Dutchmen as money was something less liable to have its value impaired than wampum.

The early settlers in East Tennessee also came to a similar conclusion, after a somewhat similar experience. Raccoon-skins were in demand for various purposes, and consequently were valuable. They accordingly selected them for use as money. Opossum-skins, on the other hand, were not in demand, and therefore had little value. Those of the settlers who desired to discharge their obligations without giving a full equivalent paid their taxes in opossum-skins to which coons' tails were attached. The counterfeits having once got into the treasury, could not be exported out of the treasury to meet the payments of the State, and the use of coon-skins as currency came to an end.

But to return to the island. Although the first experience of the islanders in selecting a commodity to be used as money had been particularly unfortunate, the necessity of having some agency to serve the purpose of money remained as great as before, and consequently a new commodity had to be selected. Various people proposed various things. Some proposed to use bananas, which were always desirable, and, when good and ripe, were always exchangeable at a very constant value; but their unfitness to be used as money was acknowledged as soon as it was pointed out that bananas decayed very quickly after they became most useful, and that therefore a man who had plenty of money to-

day might have none tomorrow, and that through no fault of his own.<sup>6</sup> Wheat, cattle, and pieces of stamped iron were also proposed, but all of these were found to be unsuitable in some essential particular. Thus, for example, it was objected to wheat, that, though it was almost always in demand, and represented a very constant amount of labor for its production, it was too bulky to carry about, and rarely had the same exact value one year as another; to cattle, that it was impossible to divide up an ox, cutting off the tail at one time and the ears at another, for the purpose of making change, without destroying the value of the animal as a whole; and that if cows in general were to be used as legal tender to pay debts, the very poorest cow would very probably be selected from the money-pen for such a purpose;<sup>7</sup> while, if iron were adopted as money, and circulated at its current value, it might be necessary to move about a ton to pay a debt

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<sup>6</sup> “Some years since, Mademoiselle Zélie, a singer of the Théâtre Lyrique at Paris, made a professional tour round the world, and gave a concert in the Society Islands. In exchange for an air from ‘Norma,’ and a few other songs, she was to receive a third part of the receipts. When counted, her share was found to consist of three pigs, twenty-three turkeys, forty-four chickens, five thousand cocoa-nuts, besides considerable quantities of bananas, lemons, and oranges. At the Halle (market) in Paris, the prima donna remarks, in her lively letter printed by M. Walowski, this amount of live stock and vegetables might have brought four thousand francs, which would have been good remuneration for five songs. In the Society Islands, however, pieces of money were very scarce; and as mademoiselle could not consume any considerable portion of the receipts herself, it became necessary in the mean time to feed the pigs and poultry with the fruit.”—Jevons’s *Money and Mechanism of Exchange*.

<sup>7</sup> In 1658, it was ordered by the General Court of Massachusetts that no man should pay taxes “in lank cattle.”—Felt’s *Massachusetts Currency*.

of twenty or thirty dollars.

A peculiar kind of beads, made of blue glass, had come into use with the women on the island as ornaments, and being greatly in demand, small in bulk, and of most durable material, they were thought to be peculiarly well fitted to serve the purpose of money. They were accordingly adopted, and for a time fairly answered the purpose. But all at once the women declared their continued use to be unfashionable; and all use and demand for the beads at once ceasing, the merchants and others who had accumulated a large stock of them, in exchange for other commodities, at the same moment found that what they had regarded as money had no longer any purchasing power or value, and in consequence experienced great losses. Thereupon the community concluded not to use blue glass beads any longer as money.<sup>8</sup>

How fast the people on the island, by reason of their varied experience, educated themselves up to a knowledge of what constitutes good money may be inferred from the following incident:

A portion of the inhabitants on the island were heathen, and, to defray the expense of efforts to civilize and Christianize them, it was the habit of certain good men to take advantage of the assembling of the people from time to time to solicit and receive contributions for such objects. It was observed, however, on

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<sup>8</sup> This incident is related by Burton, in his "Explorations of the Lake Regions of Central Africa" (1858-'59), as one within his knowledge of actual occurrence.

such occasions that some persons, either through ignorance of what constitutes money, or by reason of great poverty, were in the habit of depositing commodities in the hat which were not money; and the practice having been brought to the attention of Robinson Crusoe (who generally presided at such meetings), he is reported to have administered rebuke and instruction in the following impressive manner:

“Before proceeding to take up our regular contribution for the heathen,” he said, “I would suggest to the congregation—and more especially to those who sit in the gallery—that the practice of putting into the hat commodities which are not money, more especially buttons, shows a degree of ignorance respecting the uses of money on the part of some in this community which I had not supposed possible, after all our recent and varied experience on this subject. But if, through ignorance or impecuniosity, any should feel obliged to continue to contribute buttons in the place of money, I would request that they do not stamp down or break off the eyes; inasmuch, as while by so doing they utterly destroy the utility of these commodities as buttons, and do not increase their desirability as money, they also utterly fail to deceive the heathen; who, although ignorant of the Gospel, and not using buttons for any purpose, are nevertheless, as a general thing, good judges of currency.”

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