An Example of Communal Currency: the Facts about the Guernsey Market House. Compiled from original documents by J. THEODORE HARRIS, B.A., with a Preface by Sidney Webb. (London : P. S. King and Son, 1911. Pp. xiv + 62.)

Money and Credit Instruments in their Relation to General Prices. (Second edition.) By EDWIN WALTER KEMMERER. (New York : Henry Holt and Co., 1909. Pp. xi + 160.)

Legal Tender Essays. By JAMES C. SMITH. (London : Kegan Paul, Trench, Trübner and Co., 1910. Pp. xv + 285.)

WHEN, some dozen years or more ago, the monetary controversy which had raged between bimetallists and monometallists seemed, for immediate practical purposes at any rate, to be decided by the general tendency, whether for good or for ill, of the business nations of the world to adopt some variety of monetary system based upon the recognition of a single gold standard, the congratulations of the one party and the apprehensions of the other may have mingled with some amount of satisfaction felt by the detached observer that a popular discussion at once so heated and so difficult should be, as he may have imagined, finally determined. But such a consolatory view was superficial. For, so long as money is in use, monetary questions will not cease to be raised and to be considered.

At the present moment, indeed, the notable increase which has occurred, and is still proceeding, in the supplies of the yellow metal, is beginning to attract the notice that it assuredly deserves. The dim suspicion that something is taking place which can exert an appreciable disturbing influence on the economic relations of countries, classes, and individuals to one another, and will perforce enter as a factor to be recognised and gauged in the settlement of contemporary debates, like that between Free Traders and Tariff Reformers, is assuming more palpable shape and more definite substance. The attention of the trained expert, and of the amateurish public, cannot fail to be aroused by this fresh monetary episode; and already, by the skilled hands of Professor Ashley, the topic has been opportunely introduced to the readers of a cheap daily newspaper.

Nor could, in fact, any careful or intelligent observer of the older controversy on the monetary standard doubt that it had left its mark, as every discussion stimulated by the potent motive of popular interest will inevitably do, on the exposition of monetary theory and on the inquiry into monetary history. He must also have felt assured that, if the particular issue raised between bimetallists and monometallists were conclusively decided, the possibility of some practical improvement of monetary machinery was not thereby finally dismissed from cooler subsequent consideration. Since that time, indeed, the experiment, so variously judged, of the Government of India, and the curiously obstinate unwillingness of the inhabitants of the Austro-Hungarian Empire to favour the use of a metallic currency in place of paper, have supplied some noteworthy instances, which have not yet, perhaps, been brought into full harmony with the traditional reasonings of the established text-books that have hitherto been contained in the sections occupied with money and its forms and functions.

These introductory remarks will serve to emphasise the main moral we would draw from our study of the three books mentioned at the beginning of this notice. They deal respectively with various particular aspects of the general subject; and each of the three standpoints has its own continuing importance. To take the last first. Mr. Smith is an ardent foe of gold monometallism; and he evidently does not entertain for one moment the disabling view that the discussion of the subject has been ended, and that the victory over bimetallism, won apparently in 1871 and the succeeding years, cannot now be successfully impugned. Like many doughty combatants in other fields of controversial strife, he believes in striking hard and in striking constantly at his enemy; and readers who sympathise with some of his contentions may yet feel that he is possessed, or, to use an ugly word which has passed into common use, "obsessed" by one idea alone, continually repeated in varying shape from the beginning to the conclusion of his book. It finds its way into his preface; it meets us again in most of his numerous appendices.

Our author, we gather, is on the whole a critic of the position taken and the arguments propounded by "convinced" Free Traders; and he would apparently welcome, and would even recommend, some modification in the direction of an enlargement of the present English issue of paper substitutes for metallic money. But the single theme, to which he always reverts, is the folly and the mischief of gold monometallism; and to its insidious influence alone he would, unless we mistake his aim, and misread the expression of his dominating impulse in the successive chapters of his book, ascribe the menace offered in the modern world to the interests of labour and the general public by the appearance and development of Trusts. It is clear from his emphatic language that he does not think that the increasing supplies of gold which now are being furnished from the mines will suffice to reverse, or to compensate for, the appreciation that the adoption of the single standard has produced; and he maintains, with justice, that if depreciation is now probable, it means in its turn a regrettable departure from the even scales of justice in business transactions.

For he does not consider that the "double standard," as generally defined and advocated by bimetallists, would be completely satisfactory, although it would constitute an amelioration of the present condition of affairs, and might remove the difficulties attending trading intercourse between so much of the East as would still be silver-using and the gold-using West. What is really needed, as he contends, and what he himself understands by a "double standard," is a system resembling the practice of the Tithe Commutation Act, and more fully embodied in the Tabular Standard sketched by Jevons.

We cannot dismiss the suspicion that Mr. Smith is borne away by his zeal as an impetuous advocate into a region of debate where calm reflection on the difficulties of such an unfamiliar and elaborate system of adjusting monetary dealings becomes impossible. We are sure that ease of reckoning and rapidity of settlement will still for a very long period to come outweigh with the plain man the inequity occasioned by movements up and down in the value of the precious metal or metals—of which indeed it is probable that he is not sensible unless he institutes inquiry. But, nevertheless, such vigorous one-sided advocacy as that advanced in these *Legal Tender Essays* does fulfil the opportune purpose of reminding us that, if we set aside as finally impracticable international bimetallism, it does not follow by any means that all improvement in the direction of increased stability of the monetary standard becomes wholly impossible.

Nevertheless, to many readers of the three books we are noticing, it will be, we think, some sensible relief to turn from the impassioned rhetoric of Mr. Smith to the calm, judicial, and very valuable scientific investigation made by Professor Kemmerer into what is known as the "quantitative theory of money." We are sometimes disposed to envy the activity shown on the other side of the Atlantic in the number of economic "studies" published under the auspices of the Political Science Faculties of the various Universities. Dr. Kemmerer's monograph is among the most favourable examples of this admirable practice. It has deservedly attained within a single year to a second edition, for it is an useful and enduring contribution to the illumination of a complex and difficult problem. Its appearance at the present juncture is also very opportune, for in the absence of a double standard, whether as understood by Mr. Smith or as generally explained and recommended by bimetallists, the possible effects and the probable consequences of large additions to the output of gold are evidently a subject of immediate practical importance; and the examination of the theory which our author conducts, together with the statistical verification of his reasoning which he attempts, would command the close attention of the student, whatever were the monetary system or systems in actual use by the chief nations of the world.

His essay is, we venture to pronounce, excellent alike in conception and in execution. It is not, indeed, always easy reading; and it will probably be of more sustaining interest to those who possess some previous knowledge of the subject than to the tyro coming for the first time to the question. But the order of treatment followed has been chosen with discretion, beginning with a simplified hypothesis and adding in succession fresh complexities; and the method of exposition is throughout lucid and direct. No one, we believe, can read this full and fair re-statement of the "quantitative theory of money" without reaching the conclusion that, properly understood and duly qualified, that theory cannot be denied. Through the medium of credit, even as developed in the modern business world, the variations in the output from the mines must be allowed to exert an appreciable influence on general prices. It is because the limiting condition of *cæteris paribus* has not been realised that misunderstanding has arisen, and Professor Kemmerer's study will help to prevent such misinterpretations in the future.

The statistical confirmation of his reasoning, which he appends, is full of interest and instruction to the monetary student, who will appreciate at once the serious nature of the obstacles confronting the searcher for trustworthy figures on such matters as the number of cheques in use or the rapidity of monetary circulation—both of which are essential factors of the problem—and the pains and skill brought by our author to the satisfactory resolution of the puzzle. Here, again, the broad conclusion is, we think, firmly established; and, judicially and judiciously interpreted, the "quantitative theory" of money has been verified by fact.

Mr. Harris's historical sketch is one of the series of publications by writers connected with the London School of Economics and Political Science which has done something to redeem that reproach of the deficiency of English Universities contrasted with American activity in the matter, to which we have alluded in our comments on Dr. Kemmerer's essay. It is introduced by a preface from Mr. Sidney Webb which is characteristic, if we may be allowed to say so, at once for the readiness with which he blames economists for neglect of this particular episode of economic history, and for the levity with which he seems to contemplate the ultimate assumption by the State of the "whole business of banking." Mr. Harris, nevertheless, as he remarks, has performed a valuable work in going to Guernsey "to dig up, out of the official records, the incident," of which he furnishes an interesting narration "as it actually occurred." "Unfortunately," as both Mr. Webb and Mr. Harris observe, the story ends at an important juncture. For the reason why the experiment of communal currency was checked is left obscure; and we do not know exactly what effects it actually produced. Still, the tale was worth telling, so far as it was possible, and Mr. Harris has compressed into the brief compass of some sixty pages a graphic account drawn from original authorities.

Those familiar with the systematic descriptions of money given in the older general text-books, and in special treatises devoted to this single subject, will not, perhaps, be so astonished that it was found possible by the regulated use of a paper currency to secure with more ease and less friction than would otherwise have been feasible the means of erecting the Guernsey Market House and of carrying out other similar works of public utility in the island. For the raising of a forced loan by the issue of bank-notes is an expedient not entirely unfamiliar to writers or to readers of monetary histories. They may even, perhaps, in spite of the undoubted success achieved for a time by the Guernsey Communal Currency, regard with some timidity or trepidation the "experimenting" which, as we learn from an advertisement contained in this book, is being essayed to-day by the Co-operative Brotherhood Trust in "Co-operative Currency." For, as Mr. Webb himself admits, experiments in currency are somewhat ticklish ventures, and recorded history is more conspicuous for failures than successes in this matter. They will none the less turn to Mr. Harris's pages with lively interest, and lay down his little book with real gratitude. For they will feel that the Guernsey episode from 1815 to 1837 amply merited a niche of its own in monetary records. L. L. PRICE