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MONEY

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**M O N E Y**  
and a changing civilisation  
by  
**M. A. ABRAMS**

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## INTRODUCTION

**F**EW people remain to be convinced to-day that in the field of monetary phenomena there lies a considerable part of the origins of our present difficulties, and that economic progress waits upon a clear analysis of the nature and workings of money. Individuals and organisations whose social and political ends are diametrically opposed agree at least on this point, and from their agreement there has emerged in the last few years a spate of literature demanding the most revolutionary changes in the policy, structure and management of our financial institutions. The bulk of these demands would seem to call for little consideration if only because they appear to be based upon no clear understanding of the nature of money and of the connection between money as we know it and the present organisation of society. Part of this essay will attempt such an exposition.

The reformers can, however, legitimately claim that their endeavours have helped and stimulated the economist towards an understanding of the causal relations between the behaviour of money and the trade cycle. The trade cycle is perhaps the most pressing problem of our time, and for concentrating expert attention upon its monetary origins the layman deserves nothing but praise.

## INTRODUCTION

The post-war world has experienced alternations of boom and depression of unprecedented violence, and with them have appeared such a degree of industrial waste and such a depth of bitter unhappiness for the individual that we are now faced with retrogression in every sphere of life. A decade of economic chaos threatens to wipe from the public conscience and behaviour all traces of the purposes for which the best minds of all ages have striven. To the world of 1934 social equality, personal liberty, toleration and peace seem either the despised dreams of woolly-headed sentimentalists or else the resented snares of Machiavellian exploiters. They are neither. They are the ultimate moral realities, and in so far as the abandonment of these goals is a consequence of economic distress, and in so far as this distress follows from cyclical industrial fluctuation, the economist has an urgent duty to explain, as far as he can, the part played by money in generating these booms and depressions. Such an explanation will be offered in the second part of this essay.

And finally, how can economics and monetary theory help the social reformer? This world is an uncomfortable place for those who are still hurt by the sight of injustice and misery. London, New York, Paris, Berlin, a day's walking in any one of them in either prosperity or depression presents the ordinary sensible man with a hundred despairs and vicarious humiliations. When the basis of our social life is radically altered there need be few

## INTRODUCTION

regrets. The economist can help to make them fewer. As a scientist he is not concerned to formulate ethical precepts. That we can do for ourselves. His task is to make us aware of the essential economic problems that are common to all forms of society, and to teach us how progress towards our ends (whatever they may be) is conditioned by the relative scarcity of our resources. For the economist to condemn or to praise either socialism or capitalism as forms of social organisation is impertinent, but he fails lamentably if he omits to make clear the nature of the economic forces that apply to both. So far there has been little evidence that those who demand reform have appreciated the strength of these forces and the nature of the problems they set for a new society. Thus, the highly important work that to-day is done by the help of money will remain to be done. How far will the reforms contemplated hinder this work? Will the hindrance be sufficient to necessitate a new mechanism? If so, how shall the new apparatus be constituted and operated? These are some of the questions which the final section will ask.



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