

MONEY AND PRICES

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A SHORT EXPLANATION OF THE
MONETARY SYSTEM, AND SOME PRO-
POSALS TO RESTORE AND MAINTAIN
PROSPERITY BY THE REGULATION
OF PRICES AND THE RIGHT USE OF
CREDIT BY

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LONDON
AND TORONTO
J. M. DENT AND SONS LTD.

“Speaking o’ money,’ said the night-watchman thoughtfully, as he selected an empty soap-box on the wharf for a seat, “the whole world would be different if we all ’ad more of it. It would be a brighter and a ’appier place for everybody.”

“An Odd Freak,” by W. W. Jacobs.

PREFACE

THE purpose of this book is twofold : to explain the elements of monetary theory for the reader unacquainted with the subject, and to inquire into the causes of economic depressions in order to disclose the remedy. It also endeavours to show that the remedy advocated will accomplish more than the mere prevention of slumps.

These varied and ambitious aims would hardly have been attempted in one short book prior to the last twelve years, and the justification for so combining them now lies in the rapid increase in the number of people who, knowing little themselves concerning the technique of money, are none the less persuaded that defects in our monetary system cause the major economic evils of our time. These people desire both to learn the unquestioned facts and to be guided in judging the much disputed theories and conflicting proposals put before them. Though from the beginning the book takes the form of a fairly continuous search for causes and remedies, and thus is never far from controversial ground, I have striven to ensure that the facts as they are presented in earlier chapters are undistorted by the proposals to which they lead.

The task is easier than it would have been when I first contemplated it, some ten years ago. My views on the problem have not essentially changed since then, but have been clarified by the researches during

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that period of our ablest economists. It is true that the remedies these writers propose, when they propose any, are extremely mild compared with the ills they have to cure, and this may explain to some degree why certain more radical, if less well-equipped, reformers are disposed in their enthusiasm to dismiss the academic and professional economists as having nothing to contribute to the subject worth attention. But no serious inquirer into economic theory to-day can afford to ignore the works of such writers as Mr. R. G. Hawtrey, Mr. J. M. Keynes, Professor Pigou, and Mr. Dennis Robertson, not to go outside our own country. To these I gladly acknowledge my own indebtedness.

The quotation, a page or two back, from Mr. W. W. Jacobs's very human night-watchman should not lead the sophisticated reader to assume in advance that what is here advocated is merely an inflation of credit or currency. I hope, too, that the emphasis laid upon the influence of bank credit, and the concentration in earlier chapters upon its nature and effects, will not induce the presumption before the rest is read that this book attributes our economic disorders solely to the action of bankers, and looks for the remedy in the control of credit alone. The regulation of prices is the dominant need; the public control of credit is necessary too, but not as an instrument by which to control prices.

The suspension of the gold standard produces a situation very favourable to the adoption of the proposed measures.

AUGUSTUS BAKER.

LONDON,
September 1931.

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