

MODERN CURRENCY AND THE REGULATION OF ITS VALUE

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PREFACE

IN *Money : its Connexion with Rising and Falling Prices*, written in the sad summer of 1918, I gave vent to what then seemed a forlorn cry for "due limitation of currency," in face of the inordinate expansion which was then in an early stage and only really showed the world what it could do five years later, when it reduced the German mark to one billionth of its former gold value. In the later editions of the work I was able to record, with some satisfaction, the return of the nations to the principle which they had temporarily disregarded and which many experts had derided.

But now, in 1931, it seems that reaction is taking us too far, and that great inconvenience and danger of worse things are being incurred by the prevalence of a policy which involves not due, but undue, limitation of currencies. The chief purpose of the present work is to show that it is easy to abandon this policy without giving up the gold standard, which in the present age is to be treasured, not only because it is convenient for international commerce and other financial relations, but also because it prevents the perpetual interference with domestic currency values which would otherwise come from petty national politics.

I hope readers of *Money* will excuse a certain amount of repetition, which I have been unable to avoid, partly because I wished to re-state some things in a way which would be intelligible to that one-third (or more) of the population which was born too late to have personal experience of the conditions which prevailed before 1914, and partly because many of the erroneous theories which a dozen years ago were great supports of wild inflation, have now, by a curious change of fortune, become obstacles to the abandonment of undue limitation of currency.

I may add—without regret—that the work was almost through the press before the Macmillan Report was published.

Oxford,

July 23, 1931.

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