

interest. For instance, it is found by Mr. Mitchell—contrary to a general belief, I think—that the responsiveness of the lower grades of wages is greater than of the higher grades. The paradox is explained by “the more severe pressure which the increased cost of living puts upon wage-earners with small incomes” (pp. 165, 186). The supply of common labour seems to show an elasticity now commonly supposed to exist only in the pages of Ricardo.

Mr. Mitchell points to other results of economic significance which it may be hoped he will develop in the future continuation of his *History of the Greenbacks*. He will thus obtain as high a rank in Economics as that which he has now attained in the twin science of Statistics.

*The Meaning of Money.* By HARTLEY WITHERS. (London : Smith and Elder. 1909. Pp. 307.)

EXPERTS seldom avoid the sort of mistake which was committed by a distinguished astronomer when, lecturing to a popular audience about the distance of the stars, he continually employed without explanation the term “parallax.” The distinguished astronomer could not put himself in the position of persons to whom that technical term was unintelligible. Unlike so many experts, Mr. Withers begins at the beginning. He can put himself in the position of those who have not yet lost through familiarity the sense of wonder which the modern monetary system is calculated to excite in the ingenuous mind. “At first sight there is something whimsical in the process of stimulating production and expanding trade by an agreement between two parties to owe one another something.” The conditions under which this “magical business of providing currency and credit on a basis of mutual indebtedness” becomes possible is happily illustrated by the following metaphor. “Just as a man cycling through a crowded street depends for his life, not only on his own skill, but also on the care with which the rest of the traffic is driven, so the English banking system is dependent on the sanity and sense of the public as much as on its own soundness.” Illustrations drawn from literature, as well as metaphors from common life, are employed with effect. The fictitious bill of exchange is illustrated by the “bill of asscolts” which Don Quixote, while wandering in the Sierra Morena, drew on his niece for three colts to be delivered to Sancho Panza “for the like number received of him here in tale.” Still more remote

from the genuine bill of exchange representing produce is Mr. Micawber's order for a shilling on Mrs. Micawber, who—unlike Don Quixote's niece—was in process of being sold up.

Extreme lucidity is not often accompanied with modest doubt, as in our author's treatment of monetary science. For example, referring to the flow of gold to London, and thence to the United States during the crisis of 1907, he regards it as an "open question," "how much of the gold came because it was due to New York, and how much was drained out of other centres by London's masterful policy." In this connection he well observes: "In most economic questions these insoluble problems lie under the surface, and it is because it is so easy to miss them and to ignore, and to be ignorant of, their presence that many people find it easy to be quaintly dogmatic about economic matters, which in fact become more and more complicated and obscure the more thoroughly they are understood." The doubt which the economist should feel may be compared with the hesitation often felt by the man of business—the state of mind graphically described in the case of a bill-broker who has to decide "whether to buy a parcel of three-months bills at 4 per cent. in the last week of June." As the various considerations affecting his decision are surveyed, "the vastness of the problem really begins to open itself out, and our broker, if of an imaginative turn of mind, may well fancy himself like a doubtful partisan standing on a hill-top and vainly trying to peer through thick mists with the aid of a somewhat inefficient spy-glass into a great plain in which a battle is being waged by a number of forces of shifting and incalculable strength, and knowing that his life depends on throwing in his lot with the winning side."

Both the precision of the writer's knowledge and his consciousness of its limitation appear to us marks of authority, disposing us to accept his practical recommendations. They are mainly two. (1) There should be established some connection between the official and the market rate of discount, some understanding between the Bank of England and the other banks with respect to the manufacture of credit. (2) Greater publicity of banking accounts is recommended. If it is too much to expect that all banks like the London and County Bank should give the amount of its daily average cash holding, at least a weekly statement seems desirable. These are the principal practicable suggestions. As a counsel of perfection it is proposed to increase the gold reserve by reducing the amount of the Bank of England's fiduciary note issue.