

*Principles of Money and Banking.* A Series of Selected Materials, with Explanatory Introductions, by HAROLD G. MOULTON. (Chicago: The University Press. 1916. Pp. 283 + 502.)

*Readings in Money and Banking.* Selected and adapted by CHESTER ARTHUR PHILLIPS. (New York: The Macmillan Co. 1916. Pp. 845.)

PROFESSOR MOULTON attempts to combine in one volume the uses of a formal text-book and of collateral readings. He appears to us to have obtained a large measure of success in this attempt. He has avoided what he calls the "dogmatic tendencies of the text-book method," ill-adapted to a dialectical subject such as political economy. Indeed, his experience as a teacher even leads him to think that a text-book had better not be used by students of these selections. He hopes to retain the suggestiveness of collateral readings without their usual bulkiness and admixture of irrelevant material. This advantage is obtained at a certain cost when it is necessary to "adapt," in our author's phrase, an extract from a classic. For example, with reference to "reasons for debasing the standard" we have a piece adapted from Hume consisting of three paragraphs. The last paragraph consists of the well-known passage in which it is said that "when money begins to flow in greater abundance everything takes on a new face . . . and even the farmer follows his plow (*sic*) with greater alacrity and attention." The first paragraph, referring to the "operations of the French king on the money," occurs in Hume's essay later by about a page than the passage about the new face. The second paragraph in Professor Moulton's version is taken from one of Hume's notes. The editor has put together these *dissecta membra* very skilfully. He restores organic unity like the surgeon who welds together portions of a fractured bone with a piece of bone taken from some other part of the body. The loss of literary form is thus reduced to a minimum. It is fully compensated by the abundance of matter for which room is thus made.

It would be impossible here to illustrate adequately the variety of topics presented in this series of excerpts, which number nearly 400, occupying on an average each about two pages. We should mention particularly one subject to which our author directs special attention in his Introduction. He remarks that the discussion of banking is usually too much confined to such banks as create media of exchange in the form of notes and cheques. "Over-emphasis on the demand nature of the deposit has too frequently

been accompanied by an under-emphasis, if not a total ignoring, of the actual uses to which the funds borrowed on short time are devoted." Accordingly, several "readings" are adduced to illustrate the rôle played by the "investment banker" or financier in modern business. Under the head of "Investment Banking Institutions" savings banks (A) and investment banks or bond houses (B) are distinguished. Under heading A there are ranged thirteen pieces—the one on the *liquidity needed in savings bank investments* appeared to us particularly interesting. It seems to be the opinion of experts that every such bank should have a good percentage of its funds invested in readily convertible securities. The bond of business is of enormous magnitude. It appears that nearly \$2,000,000,000 of bonds are marketed annually in the United States. A "bond" in this connection is well described by Theo. H. Price as an instrument of credit which "provides a means whereby the immobile or undeveloped assests of a deserving enterprise may be pledged to secure the money which should be used to extend still further the field of beneficent activity." "It is the gift of imagination and the quality of constructive optimism that differentiate the banker from the moneylender." "The great bankers control the water-gates through which the public money flows to irrigate the fields of industry."

In this connection we should like to have had the views of experts upon the corresponding institutions—whether or not called banks—in this country. But the author has not been able to find room for the banking systems of Europe. Foreign exchanges and the controversy as to the relation between the quantity of money and the level of prices have likewise been excluded by the limitations of space.

Professor Phillips's *Readings* are, in some respects, complementary to Professor Moulton's selections. Treating his topic somewhat less exhaustively, Professor Phillips is able to cover more ground. Thus the banking systems of several countries, Canada, England, Scotland, Germany, South American countries, form each a separate chapter, each chapter containing extracts from several authorities. Again, foreign exchange has a chapter to itself; a chapter consisting of sixteen excerpts. There is a symposium on the relation between money and general prices based on the proceedings of the American Economic Association, 1910. We may notice Professor Carver's acute remark that if an increased demand for agricultural products should be attended with an increase in the marginal cost of production, a larger

supply of money would be required. There is also a chapter on index-numbers, consisting of the article on that subject in Palgrave's Dictionary.

Professor Moulton, like Professor Phillips, has to make room for many things by omitting much. The omissions seem to have been made judiciously. Thus, with reference to the Federal Reserve system, Professor Sprague's article in the *Quarterly Journal of Economics* (1914) is cited with the omission of one section, that on "Clearing Functions," the one which can, perhaps, best be spared, as dealing with somewhat problematic questions relating to the future. It would be hard to say which author skips most skilfully. Thus, in the racy extracts from Eggleston's *Recollections as to the Confederate Currency*, both writers retain the statement that gold was at a 12,400 per cent. premium. Both reproduce the epigram, "Before the war I went to market with the money in my pocket and brought back my purchases in a basket; now I take the money in the basket and bring the things home in my pocket." But Professor Phillips omits the anecdote of the cavalry officer who inquired the price of a pair of boots. "Two hundred dollars," said the merchant. A five-hundred-dollar bill was produced, but the merchant could not change it. "Never mind," said the cavalier, "I'll take the boots anyhow. Keep the change." On the other hand, Professor Moulton does not include the physician, who would order from a planter whom he was visiting "ten or twenty visits' worth of corn." "The visits would be counted at ante-war rates, and the corn estimated by the same standard."

We hesitate which of the two versions to prefer; and more generally which of these useful complications most to recommend to students and teachers.

*Rural Reconstruction in Ireland: a Record of Co-operative Organisation.* By LIONEL SMITH-GORDON, M.A. (Oxon.), Librarian Co-operative Reference Library, Assistant Secretary Irish Agricultural Organisation Society; and LAWRENCE C. STAPLES, A.M., sometime Parker Travelling Fellow, Harvard University; with Preface by GEORGE W. RUSSELL ("A. E.") (London: P. S. King. 1917. Pp. 279.)

*The National Being.* By A. E. (GEORGE RUSSELL). (Dublin: Maunsel and Co. 1916. Pp. 176.)

MR. SMITH-GORDON and his coadjutor address a great variety of readers. The gospel of co-operation is preached not only to