

## Books of Special Interest

### Money

WEALTH, VIRTUAL WEALTH AND DEBT. The Solution of the Economic Paradox. By FREDERICK SODDY. New York: E. P. Dutton & Co. 1926. \$3.50.

Reviewed by FRANK H. KNIGHT  
University of Iowa

SOMEWHAT to the reviewer's surprise, this book has proven well worth the time and effort of a careful reading. Surprisingly, because, in general, when the specialist in natural science takes time off to come over and straighten out the theory of economics he shows himself even dumber than the academic economist, and because, in particular, Soddy's pamphlet on Cartesian Economics which we read some years ago did not promise to set a new precedent in this regard. The queerest feature of such attempts is that the man trained in exact science typically falls down precisely where one would suppose he would shine, namely in logical consistency and the ability to preserve a distinction between constants and variables in a quantitative system. These limitations apply conspicuously to the book under notice, and it is in spite of them that it has value.

The argument is addressed to two main problems or tasks. First, the author essays to outline the fundamentals of an objective and within limits exact science of economics, and secondly, he attacks the ever-fascinating problem of money. His effort to establish a conception of physical wealth, subject to a principle of conservation and interpretable in relation to physical energy, must be briefly dismissed. The more one labors with this attractive hypothesis, the more one is forced to the conclusion that it simply is not in accord with the facts. Magnitudes of wealth and productive capacity, whether thought of in human terms of usefulness or mechanical terms of exchange power, change absolutely whenever a human being changes his (or her!) mind; and the mass-energy relations of mind-changes are as unimportant in this connection as they are obscure—if their very existence is anything but a metaphysical inference based on the monistic bias of the scientific intellect.

If the term "Life" in Ruskin's famous definition of wealth (which is accorded a central position in the author's argument) can be given any physically quantitative meaning at all, it is not one which is relevant to the discussion of human policies of action, social or private. For the purpose of such a discussion, and under the conditions of any real or conceivable civilization, life certainly means life value, and not life quantity. Moreover, the author practically admits this and couches the treatment of his practical thesis in terms of index numbers, while of the essential meaning and tremendous practical problems involved in these he is blissfully oblivious. He repeatedly stresses the point that there is no equivalence between time spent in creating instruments of production and that spent in making them productive, failing to see that *either ethically or mechanically* there is the same kind and amount of equivalence here as between any other forms of human exertion or thought-taking, or any value magnitudes whatever. Under competitive individualism, human activity "tends" to receive a "reward" equal to its differential contribution to the total social result, whether the activity is digging potatoes or threshing wheat, a routine productive operation or invention, management, promotion, abstinence, or clearing land of trees or aborigines. We are glad to agree that there is little ethical significance about the equivalence in any case, to commend the chemist for recognizing the fact in this one instance, and to call the general principle to the attention of orthodox economists—and especially of the single-taxers.

The practical thesis of the book is distinctly unorthodox, but is in our opinion both highly significant and theoretically correct. In the abstract, it is absurd and monstrous for society to pay the commercial banking system "interest" for multiplying several fold the quantity of medium of exchange when (a) a public agency could do it at negligible cost, (b) there is no sense in having it done at all, since the effect is simply to raise the price level, and (c) important evils result, notably the frightful

instability of the whole economic system and its periodical collapse in crises, which are in large measure bound up with the variability and uncertainty of the credit structure if not directly the effect of it. Nor is the cost a bagatelle; if the amount of created bank currency in the United States be placed roughly at thirty-five billions and the average rate of bank interest at six per cent, it will be seen to amount to well over twice the interest on the national debt, and to several per cent of the total national income. Yet we must emphasize the qualification, "in the abstract."

Many serious problems are raised by the proposal to prohibit banks from following the "treasonable practice of uttering false money." The author has apparently never heard of the controversy over the banking versus the currency principles—as he has not heard of the mathematical economists and several generations of predecessors in the endeavor to create an exact science of economics—and he shows no recognition of the real and important relations between commercial banking and the creation of new capital and its guidance into use. These problems cannot be gone into here, but we can say with assurance that if this book leads economists to go into them as they deserve it will render the world a service of inestimable value. It will then be easy to forgive the author his errors and inconsistencies, the eloquence and cocky airs of the novice, and even the sheer nonsense of his later chapters purporting to outline a quasi-mathematical economic theory. The concepts of wealth, virtual wealth (money), and debt emphasize important and neglected distinctions, and in general it is a brilliantly written and brilliantly suggestive and stimulating book.

### A Clumsy Forgery

THE BOOK WITHOUT A NAME.  
Anonymous. Brentanos. 1926. \$2.50.

Reviewed by EDWARD DAVISON

THIS book purports to be "the eighteenth century journal of an unmarried English lady addressed to her natural son." Anybody with a slight knowledge of life and literature in the England of that day will recognize it as spurious on five minutes' acquaintance. In point of vocabulary, style, and opinion the book is a monstrous anachronism. The very way in which the author avoids mentioning, save in the most vague and indirect manner, matters of contemporary fact is in itself suspicious. Her journal shows signs of exceptionally careful "editing." But "E. R. P." the alleged editor (I question his sex), could scarcely avoid slipping somewhere. One instance, plainly irrefutable, will be sufficient to prove the journal a sprawling forgery. Our eighteenth century lady, records reading Bishop Percy's "Reliques" in July, 1770. She refers to the book as "new." Actually it was first published five years previously. In 1770 Percy was not a Bishop. He was not even Dean of Carlisle before 1778. The alleged author of our journal died in 1776. In 1782, six years later, Percy succeeded to the Bishopric of Dromore. It therefore seems unnecessary to allude in detail to the author's extraordinary foresight in anticipating the French Revolution, to her premature antipathies (expressed in terms such as the century scarcely knew) for the Church, slavery, prize-money—called "blood-money"—the institution of marriage, and righteous resistance of America. We are to believe that she ran naked at dawn in her father's park, and encouraged her child to do so too; that she associated on equal terms with gypsies in the glades of Epping Forest, this in an epoch when gypsies dared not show their faces anywhere near a game preserve; that she read Rousseau's "Emile" and his "Contrat Sociale" while they were almost hot from the Amsterdam press although she was living in country seclusion in England, that she preferred Marcus Aurelius and Zeno to Jesus Christ, and wished to be cremated rather than buried. She was a pacifist and dissented from the popular prejudice against the Jews. Her sympathy with Nature would have done credit to Wordsworth or Shelley. It even extended to the love of snakes, especially adders—"I often catch one by the tail and stroke it with gentle touch, without its ever attempting to harm me." She had read everything, everything, that is, that we in 1926 have read and remembered from her century. But such eighteenth century perfection will never do. One thing only is lacking in the make-up of our author: that is, a sense of humor of which there is not so much as a candle's beam in all her three hundred pages.

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