

merely hint at this important subject, to which the book I have in hand will do more justice. Nor can I do more than indicate the method of issuing the new money. That only the State ought to have this privilege is the inevitable result of the system which makes the issue independent of any special business experience, as it mathematically follows on the results of periodical statistics. Of course, there needs to be no pedantic waiting for the next tables where price variations are evident to any observer of the market. Temporary issues or restrictions might be made, the exact correction following upon the issue of the next tables. No doubt part of the issues would be made for the payment of public works, and the bulk would probably come out in the form of loans made to the people. That the rate of interest would be lowered to stimulate the demand for money when the market requires more money, and raised in case a restriction of circulation becomes temporarily necessary, is a matter needing no detailed explanation.

The question whether it may prove more advantageous to organise a State Bank or whether the giving of credits had better be left to private banks will be discussed by the next contributor to this symposium. I will only mention that, even if the present banks should be allowed to continue their operations, they certainly ought not to retain the privilege of lending out money of other people left with them as a so-called free deposit. They ought to be compelled to keep legal tender paper in stock to the full amount of free deposits, the privilege of issuing banknotes being, of course, withdrawn. The community which lends them the legal tender paper at the market rate thus would obtain the interest from the lending out of free deposits, and the depositors would obtain a better security. At present about seven or eight hundred thousand pounds gross profits are yearly made by our banks, mainly through lending out the money of one set of citizens to another.

As I understand that another contributor will discuss the question of foreign loans, I

merely limit myself to the observation that as far as our gold debts abroad are concerned, it makes no difference whether we have a gold or a paper currency. These debts, be they for our imports or for loans of any kind, will be paid, as they have always been paid in the past, by our exports, of which our gold forms a portion. The introduction of a legal tender paper money would only add to our exports the £3,000,000 of useless gold our colony possesses, four-fifths of which is peacefully slumbering in the vaults of our banks, which would pay a corresponding amount of our debt abroad. That this debt now goes on growing rapidly through the accumulating power of compound interest is well known. Our trade balance would at least have to reach £1,000,000 a year to cause a halt in the ominous process of drifting into national bankruptcy. Repayment could not begin before this amount is exceeded. I need not add that a currency which has the effect of so stimulating production in every department that many goods which now are imported could be produced in the country, while more goods could be produced for exportation, would sooner attain this desirable result than one for the foundation of which we have to rely on the kindness, paid with usury interest, of Lombard Street. So it will easily be recognised that a scientific paper currency, far from retarding the satisfaction of our foreign creditors, would be the most efficient means towards the complete and early liquidation of our debts.

In conclusion, I only want to add that even a currency reform, though the most urgent progress required, cannot remedy the most serious of our economic evils as long as our existing land laws allow individuals to monopolise the unearned increment created by the community. But I have little doubt that currency reform by largely increasing this increment, and thus more strikingly showing the folly of the present state of things, and furthermore by strengthening our power of repurchasing the land from the nation, will become the most powerful ally of land nationalisers.