

much nominal money in the London Clearing House in a single week as the whole amount of gold coin and bullion supposed to exist in the kingdom, and to this must be added the great sums moved in the country without coming in any form to London. This fact ought to bring home to the mind the slight importance of cash as a factor in the transactions of a great commercial people.*

No one would assert that the amount of money in a country at any given time has no influence on prices; but, granted the fact that for years no scarcity of money for purposes of exchange has been felt, it may well be asked whether, at such a time and in such a situation, price depends much on facts as to supplies from the mines. If the time should come when lessened supplies from the mines take the form of lessened reserves, lessened credit, and lessened facilities in the money market, as evidenced by high rates of discount, then indeed prices may come to be affected, for demands for goods will probably lessen, even if supplies continue. You may, however, have high rates of discount with rising prices, as in 1864-66, or you may have low rates and falling prices, as in recent years. In both cases there were special causes affecting prices, apart from money markets. All that one can say is, that the tendency of scarce money and high rates of discount should be towards falling prices, and the tendency of plentiful money and low rates should be towards higher prices; but it has often happened that other tendencies have been stronger than those arising from facts affecting money, and so the course of prices has seemed to baffle calculation.

Mr. Giffen, in the Essay already mentioned, argues as to the importance of bank reserves as a factor in prices. But he seems to ignore the fact that while our Bank reserve in England has been barely maintained, the gold reserve of

* Compare the observation of Mr. E. Atkinson as to the United States of America ("Distribution of Products," p. 211).

"Three hundred million dollars of gold coin suffices as the standard by which to measure 300,000,000,000 dollars' worth of purchases and sales every year.

"By the use of notes issued by, or cheques drawn upon, banks and bankers, more than 100,000,000 tons of food are moved in each year from the producer to the consumer, and thus the subsistence of 50,000,000 people is assured."