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Correspondence: Two Kinds of Money, Twenty-Five Years Ago

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Correspondence

TWO KINDS OF MONEY

Editor, THE JOURNAL OF ACCOUNTANCY:

SIR: May I be permitted to suggest that accountants should give some careful thought to the subject of "barter" and particularly to the real extent of its abandonment for the more or less modern system of credit.

It ought to be clear to everyone that international trade, balanced by movements of gold, is actually "barter"; and it ought to be equally clear to everyone that closed trades on the stock market, i. e., the sale of one security and the purchase of another, are, so far as the principal individual is concerned, "barters"; whereas open trades are "half-barters."

It would seem, therefore, that there are actually two kinds of money in use, viz: gold and credit money; and further that these two kinds of money are quite different in character. Gold is a real thing and every transaction of which gold is one term is a true barter, whereas transactions of which credit money is the common term are merely "half-barters." Gold can be hoarded without total loss of value; in fact the only loss (or gain) resulting upon the release of a hoard of gold would arise primarily out of an average increase (or decrease) in wages and salaries during the period of hoarding; whereas, credit-money can not be either "saved" or "hoarded," except in limited amounts, without almost certain loss.

A great deal has been said in opposition to the hoarding of gold, but little or nothing in opposition to the hoarding of credit. It seems time seriously to consider whether "half-barter" money, i. e. "credit money," ought to be measured by a fixed quantity of gold, or whether it would not actually be better if the government would maintain its necessary stock of gold by purchase and sale in an open market, instead of industry's maintaining its working balances of credit money by purchases and sales of gold in the same open market.

The first steps toward such an eventuality should be taken by industry under guidance of the accounting profession and using minima "credit-money" working balances.

Yours truly,

HAROLD B. ATKINS.

New York, March, 1933.

TWENTY-FIVE YEARS AGO

Editor, THE JOURNAL OF ACCOUNTANCY:

SIR: Whether it is Mr. Crawford's style or the information contained in his article "In These Times," published in the February, 1933, issue of THE JOURNAL OF ACCOUNTANCY, that has just caused me to read it twice, and each time with renewed interest, I do not know—perhaps it was both. Nevertheless, the article recalled to my memory an editorial which appeared in *Collier's Weekly*, issue of November 7, 1908, when I was laboring hard with a course of study. This perhaps explains why I kept the editorial which I quote as follows:

Correspondence

“A fresh field for young men of ability is being opened up. The certified public accountants of this country and of Great Britain and Canada met in convention a few days ago at Atlantic City. There were London worthies, with huge jeweled seals hung round their necks, as though they were going to a lord mayor's banquet—typical ‘city’ men, these, as Thackeray might have drawn them, rather proud of their lack of vacations, proud that their clerks feared the business would go to the bow-wows when the ‘governor’ was away, convinced that the good old English employee is degenerating under the present-day love of ease and amusements. There were men from Edinburgh and Dundee—the Scots are great accountants, and it was in Scotland some fifty years ago that accounting as a profession was first established. And there were men from Montreal and Toronto and Nova Scotia and all over the United States. Accounting as a profession, like doctoring or engineering, began in this country in 1896, when New York state passed a law compelling all public accountants to pass a regents' examination and receive proper certification before they could practise as C. P. A.'s. The growth of the profession has followed the growth of corporations and holding companies. It is the business of these painstaking and meticulous gentlemen to unravel and set in order the complexities which such businesses produce. They will take a business which your grandfather set on its feet, and which you and his other decadent descendants are mismanaging, find out just where the dry-rot lies, and put the house in order. It is uncomfortable for you, but good for the business. They will sift and systematize anything, from a household account to the budget of a government. There is a profession worth the consideration of young men with a turn for mathematics.”

We hear much, and perhaps read more, nowadays about the new demands made upon the accountant, and at times wonder is expressed as to whether or not he will “measure up” to the new responsibilities. It occurs to me that the demands and responsibilities have not in reality changed so very much. However, methods of doing business, as well as volume of business, have no doubt materially changed.

The above editorial, written nearly a quarter of a century ago, is, I think, worthy of repetition.

Yours truly,

H. V. ROBERTSON.

Amarillo, Texas, March, 1933.