Dieter Suhr
„The Capitalist Cost-Benefit Structure of Money - An Analysis of Money's Structural Nonneutrality and its Effects on the Economy"

Berlin, London and New York: Springer Verlag, 1989. 136 Seiten.

Frankly speaking, dealing with Suhr's analysis of monetary economies requires to forget anything a "traditional" economists has ever heard about this subject. This publication can obviously be regarded as standing far away from economic mainstream, without trying to be unfair to the author.

Sur tries to prove, that (traditional) money is the most important reason for misallocations, unemployment or equilibrium problems in existing free enterprise economies. Thus he examines his so-called "Second Best Capitalism" in the first part of the book critizing money unfair competitor because of its unique characteristic being the overall accepted medium of exchange. In addition to this he reveals interest "as a premium for passiveness on the one hand and as a punishment for economic activity on the other". (p. 22)

The reviewer's strange feelings increase when the author deciphers the puzzle of "Money's Cost and Benefits" in part two. the reader is confronted with very uncommon ideas: "Not to be able to sell one's labour possibly results in being subjected to a complete income budget constraint which can simultaneously mean a complete expenditure and transaction constraint." (p. 29) this argument is repeated several times, used as evidence for the poisoning impact of (traditional) money on economic activity. Nevertheless, the receiver of this message hesitates. If there is nobody who is interested in one person's individual supply, where is the difference between a monetary and a barter economy? The agent is unable to transact in either, isn't he?

In the following further aspects of money's performance are developed. The "Production and Destruction of Monetary Liquidity" (part 3) and "Optimal Monetary Liquidity" (part 4) have to be investigated prior to part 5, where "Establishing Neutral Money" takes place. The whole plot culminates in a variation of a solution, Gesell and other so-called "monetary heretics" (p. 100f.) had proposed in the early 20th century and the author has already published some years ago: money which is attached to carrying or storage costs.

Taking all the well-meaning explanations of Suhr's into consideration discomfort still remains and the author's objections can hardly be followed. The discussion seems to be based on a fundamental misunderstanding of the difference between cash, money and financial capital. In contrast to the author's hypothesis money has no economic power itself (p. 56) except in connection with produced and supplied commodities. It is quite useless to try eating money in cases of starvation. Analogically, there is no kind of riches in holding cash money in times of hyper-inflation. If money loses its specific properties, especially reducing transaction costs, it is no longer used or needed. The main contraint of economic activity is raised by the existence of scarcity. Only in a "land of milk and honey" agents are able to revel in profusion. Though this paradise has not yet been discovered and no circumstantial evidence has been given that the abolition of (traditional) money could be a significant step into this direction. Furthermore, economic activity is an equivalent to anticipating correctly what kind of commodity is required at a certain time. Thus economic activity, voluntarily, includes possibilities of failure or losses. Even neutral money involves this fundamental problem.

Besides, the reader might feel quite irritated, when discovering that well known and somewhat antique ideas are issued under the headline of "Studies in Contemporary Economics".