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probably find reason to believe that the mediæval notions of justice in lending and borrowing are not wholly obsolete.

With the rise and growth of world commerce, and the consequent general facilities for investment in industrial and commercial enterprises, the older doctrines on interest had to be applied in new conditions. The owner of idle money could now employ it remuneratively in one or other of the undertakings for which manufacture and trade invited the co-operation of capitalists. To give his money as a loan was to forgo the opportunity of gain thus offered him, and for this sacrifice of his interests he was, according to the ethics of the Schoolmen, entitled to compensation.

Let us imagine a mediæval jurist brought back from the realm to which good lawyers pass, and set to preside in a modern court in which a borrower seeks relief from what he regards as the exactions of a money-lender. His contract binds the applicant to pay an interest of, let us say, 60 per cent. on the sum borrowed; the security he could offer was, it is shown, indifferent, as sheer necessity had forced him to turn to the money-lender. What would be the award of the judge, assuming him to be guided solely by the mediæval canons of right? He would probably decide that as the risk was so great he would allow 10 per cent. under this head, and that as the current rate obtainable on the sound commercial investments open to the lender was about 5 per cent., he would allow that amount as interest on the loan; in all 15 per cent.

The award would be in strict accord with the principles of equity the judge had learned from his mediæval text-books; and it would, moreover, reproduce in every detail a recent judgment of the High Court of England, in the appeal of a borrower for relief from the obligations imposed by his contract with a money-lender.

T. A. FINLAY

Les Finances de Guerre de l'Allemagne. By CHARLES RIST, Professeur à la faculté de Droit de Paris. (Paris : Payot. Pp. 294. 8vo. Price 15 francs.)

PROFESSOR RIST, best known among us by the *Histoire des doctrines économiques* (translated into English) and the *Revue d'économie politique*, in each of which he has joined his forces with those of Professor Gide, was associated during the War with Professor Lichtenberger of the Sorbonne in editing the

Documents de la guerre. His recent articles in the French reviews have shown his competence as an expositor of financial questions, and prepared us to welcome this critical account of German War Finance. The volume is ably conceived and executed, and well documented, and is written with admirable lucidity, dignity, and moderation.

Lucidity and sincerity are the first essentials in financial statements, knowledge the first essential in financial criticism. The arts of camouflage, long practised by Germany in politics and diplomacy, were elaborately employed by her during the War in military and financial operations. The outbreak of war severed our German communications. Personal investigation by visit or correspondence was no longer possible. German documents were not easily obtainable or easily tested. We saw through a veil darkly, and on the other side of the veil a smoke cloud of deliberate mystification obscured the facts to German, and still more to foreign, eyes. Those who knew something of German government, German finance, and German financiers, and of the close co-operation of all three in times of peace, were sceptical of the raillery showered by Allied writers upon the supposed stupidity and futility of German financial expedients. The light which is now beginning to spread shows the remarkable ability with which, given her circumstances, Germany managed the War on its financial side. To disparage your enemy's resources and prophesy his imminent financial collapse is a method of giving heart to your supporters which loses its power to impress the neutral and to depress the adversary when days, months, and years follow one another without its fulfilment. Prestige was jealously guarded on the other side. Germany could boast that she had not had recourse to a legal moratorium; that the Reichsbank had maintained its legal one-third of reserve throughout; that until 1916 no war taxation was imposed; that the War loans, at prearranged intervals of six months, were sensationally subscribed at 5 per cent. at a nearly constant issue price little below par; and if the foreign exchanges were against her, and the national debt was growing rapidly, these were only temporary difficulties. The hoped-for victory would remove the blockade, revive German claims abroad, reopen her foreign markets, and restore the exchange. The debt (almost entirely internal) was a mere suspense account, amply covered by the indemnity to be extracted from the vanquished Allies. The huge increase in deposits during the War and the power to aid her confederates with men, supplies, and money were

pointed to as further convincing evidence of Germany's financial strength.

How were these impressive results attained? Everything had been carefully prepared and—when the time came—worked out, almost to the letter, according to plan. From the moment of the Agadir incident the Reichsbank began vigorously to strengthen its gold reserve. Small notes were introduced. Gold was bought at a loss. Reserves were more centralised. Commitments in possibly enemy countries were reduced and shortened. The machinery of State bonds and the organisation of branches of Loan offices throughout the country were mapped out in advance. So far as possible, all was ready for war on the financial side. We know now that the results were more striking in appearance than in reality. The Government bonds, being legal money, were received into the reserve as cover for Reichsbank notes, though themselves uncovered. The bonds of the Loan offices were similarly treated, though secured only upon non-liquid assets. The increased deposits were due partly to the inability to carry on normal business, and especially foreign business, partly to war profits, partly to inflated currency causes. The budgets were balanced by transferring the expenses of the Army, Navy, Colonies, and Military Justice entirely to the extraordinary War budget account, and by taking for other departments—even for the Customs—the same figures both for revenue and expenditure as in 1914, on the pretext that trustworthy estimates were impossible. The figures of exports and imports, of Government borrowings from the bank, and the index-number of prices were suppressed. The enormous output of paper money, however cleverly Germany saved her face for a time, was doing its deadly work none the less, with results which are now evident.

It is not possible to comment here in detail upon the facts and figures, based upon German authorities, which are set out in detail by Professor Rist. His explanation of the difficulties encountered, the expedients employed, and their degree of success or failure is always clear, though not always complete in important particulars. The reader must turn to other sources to learn that the first Loan was issued at 97½, the second at 98½, the third at 99, etc. The volume bears signs of hasty revision. The balance of trade on page 232 is 200 millions of marks on each side in excess of the items tabulated. It is not evident in some cases whether the author is speaking of marks or francs. The index is four pages out for the second half of the book. It

is to be hoped that a second edition will admit of correction of small blemishes of this kind.

The chapters on foreign exchange and on the indemnity question are especially interesting. In comparing the positions of France and Germany it is suggested that while the mechanism of production has in France been brutally injured and in many cases wantonly destroyed, Germany is able to resume work at the point where it was stopped by the War. This is true of France, but far from true of Germany, lacking as she does the capital to drive her machinery of trade. But this throws into stronger relief the author's view that it is not in the interest of France to strangle German commerce. The statistics of French and German taxation are compared without analysis of such a character as is necessary to show the unlikeness of the two sets of figures or of the purposes to which the taxes are devoted. We are, however, told so much that is interesting and useful that it would be ungracious to lay much stress upon omissions of detail which, in a work of this character, are prone to lack elaboration unless they are essential to the development of the central argument.

HENRY HIGGS

Introduction to the Doctrine of the Stability in Value of Currency. (Inleiding tot de Leer van de Waardevastheid van het Geld.) By DR. G. M. VERRIJN STUART. ('s Gravenhage: Martinus Nijhoff. 1919. Pp. 186.)

THIS book, which is the thesis for which the son of Professor Verrijn Stuart was granted his doctor's degree, is one of the few valuable treatises on money which have appeared in Holland in the course of the last five years, amid an appalling mass of amateur rubbish. It may be called a valuable treatise, even if—in the opinion of the present reviewer—it does not wholly disentangle the knots of the money problem; for it goes to the roots of questions with that honest love of truth which is the first condition of scientific discovery; and it shows, moreover, an extensive knowledge of literature. Any book which reveals these qualities in its author will tend to clear the ground for further progress.

The book covers almost the whole ground of monetary theory, including a critical survey of the literature, since a theory about the stability in value of money necessarily proceeds from a theory about the value of money. It is not possible, therefore, in this