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of the "general reader." From the opportune experience we understand he has derived from the close instruction of "tutorial classes," and from a bias sometimes manifest favouring labour as compared with capital, or the partiality generally shown towards working-men when opposed to landlords and employers, we might conclude that the category of the "ordinary" man, for whom he writes, is circumscribed more narrowly than common parlance contemplates. But the "practical interest" in the "economic system," and the "experience of its working," which he considers he can safely assume to be commanded by his readers, sometimes, we suspect, pass outside the limits within reach of the students in tutorial classes, and we even feel that the "ordinary man," conceived in the wider sense usually understood, might fail to seize at once some of the reasoning employed or, unassisted, to interpret all the allusions. The error of taking for granted too much knowledge is, of course, a fault to which the writers of text-books are unfortunately prone. A second obstacle, however, that we encounter in this instance is the doubt whether disproportionate space has not been given to the "construction" of the economic system as contrasted with its "working." The question of value, it is clear, is closely connected with the latter; but economic theory, commonly interpreted, is deferred to a stage, comparatively late, in Mr. Clay's discussion, and, when reached, it is briefly, or even inadequately, set forth. The picture of the facts of business life, on the other hand, is perhaps overcrowded with minute elaborated detail. Mr. Clay may be right, for his own purpose, in this distribution; but, as we think, he strains thereby the meaning and the scope of the term Economics. We must add that his final chapters on the intricate relations of wealth and welfare increase, and do not lessen, in our opinion, the pertinence of the criticisms we have made. In spite of the fondness Mr. Clay attaches not unnaturally to them they seem to us to be supplementary or even otiose; and they scarcely form an integral portion of an elementary manual. Their reasoning is not easy; and a few of the conclusions, here as elsewhere, might, we venture to declare, be questioned or reversed by expositors with a different bias.

L.L.P.

4.—*Why the Dollar is Shrinking. A Study in the High Cost of Living.* By Irving Fisher, Professor of Political Economy in Yale University. ix + 234 pp., 8vo. New York: The Macmillan Company, 1914. Price 5s. 6d. net.

This work was written before the war broke out, and published just after. The only reference, therefore, to the recent special rise in prices is contained, by way of prophecy, in the postscript, and the opinion was ventured that the English price level would rise less during, and more after, the war than Continental price levels—"foods will especially rise and bonds will especially fall." He considered that the changes in trade would make prices rise less here, and expansions of money and credit circulation would also tend in

the same direction. The main purpose of the work is to explain to the plain man, who approaches the subject for the first time, why money does not go so far as it did, and why purchasing power fluctuates. The explanation appears to me to be admirably simple and clear, but for a real test of its appeal to the man in the street the opinion of a reviewer who has grown up with literature of this kind and cannot give a fresh response to the presentation of newly revealed ideas is hardly likely to be so satisfactory as the proved results amongst those for whom it is intended. Professor Fisher writes with his usual engaging lucidity, and expounds the quantity theory with arithmetical, not to say physical, precision, in a manner which would perhaps scandalize those who like to dwell among the "other things remaining equal" with which they qualify the theory out of useful existence, but in a fashion, too, which would make the chemist or biologist, who looks with half-concealed scorn upon "pseudo-sciences" such as economics, blink with astonishment. It is not to disparage previous work if one should declare without hesitation that this is by far the best work of its kind yet written. Most writers fail to give any satisfactory sketch of a link in the chain of cause and effect which would really be most convincing to the plain man, if properly and simply worked out—that is, the *way in which* the increased supplies of new gold begin to raise prices when they get into contact with markets and commodities, and then how the ripple works its way outwards. Professor Fisher does supply this want, but, as it seems to me, not so fully as he might easily have done. He relies upon a single motive for his expulsive force, and that motive will not appeal to everyone as the most obvious. It is skilfully indicated, with the aid of some actual experimental proof, that the habit of life which fixes the average money carried by the individual is an important factor in deciding the velocity of circulation. From this the argument runs that the miner in possession of gold beyond his requirements is *uncomfortable* until he has reduced it to his usual level, and the whole tendency to a rise in prices appears to be induced as a result of this motive—a more or less theoretical one to the reader—acting alone. It would have a far stronger appeal if the other economic motives could be visualized—the lessened marginal value of resources to the miner, the greater effective demand on a temporarily fixed supply, the disturbance of the equilibrium between the return upon capital and effort in mining compared with storekeeping, agriculture and other surrounding activities, with the flow set up to restore the level. If done in a Ricardian manner this picture would carry greater conviction to the man in the street than the mere statement that increased gold supply raises prices, even with an equation, and the ingenious illustrations of a balance with weights. The chapter on the history of price levels contains an excellent series of charts for all the countries for which index numbers have been constructed; India and Japan, in contrast to the European curves, form a telling sequel to the general story. A very formidable array of popular explanations of the high cost of living make easy

skittles for Professor Fisher, and form a most practical conclusion to his argument. In the domain of prophecy for the future, not in a fine frenzy, but with a reasoned value for each item in the prospective equations, he considered that 2 per cent. would be a fairly safe minimum estimate of annual price expansion for some years. With most commendable self-restraint he keeps his own peculiar problem of "standardizing the dollar" almost entirely out of this book, which as a good general description of the quantity theory and what it involves can be most heartily commended to all.

J.C.S.

5.—*A Study of Industrial Fluctuation: an Enquiry into the Character and Causes of the so-called Cyclical Movements of Trade.* By Dennis Holme Robertson. xiii + 285 pp., 8vo. P. S. King and Son, 1915. Price 7s. 6d. net.

Industrial fluctuation is "the alleged alternate occurrence of "periods of industrial expansion and of industrial depression." Taking a single trade, "there seems no good reason to regard a mere decline in margins—still less in one constituent element of margins"—as constituting depression, unless it is accompanied by a decline "either in aggregate net receipts, aggregate net profits, or the net rate of profits. Our choice then lies between these three. . . . It seems hopeless to attempt a decision." General depression is "a condition of general disillusionment on the part of investors," but "while excessive investment in a single trade results in an undesirably large volume of its products entering into the consumption of other trades, excessive investment in all trades apparently results in an undesirably small volume of their joint products entering into their joint consumption." Intensity of fluctuation depends partly on the period of gestation, or the period it takes to produce new implements of production. "The longer this period of gestation, the longer will the period of high prices continue, the greater will be the over-investment, and the more severe the subsequent depression." In some trades like coal, Mr. Robertson holds that the period of gestation is becoming so long that it is a deterrent to over-investment, but he admits that Mr. D. A. Thomas (now Lord Rhondda) does not share this view, which is unfortunate for Mr. Robertson. Accessibility to resources either through credit or the machinery of joint-stock companies is another temptation to over-investment. The difficulty of shutting down large works and stopping expensive machinery is an aggravation of depression. Fluctuations may also arise from changes in costs or in the supply of raw materials. Causes affecting demand are fashions, wars, and tariffs; crop volumes, transport and construction; crop values and construction; crop values and consumption—and these are discussed in successive chapters. Revival; crisis and depression; and the wage and money systems are discussed under the general heading of fluctuations of general trade.

It is not possible to discuss all these chapters in detail, for, although Mr. Robertson has collected a considerable body of facts, one feels