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Etudes sur la Formation et le Mouvement des Prix. by Marcel Lenoir

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to be determined is the ratio between the value of the currency unit and the value of a unit of commodity. Among other points calling for criticism may be mentioned the assumption that the expansion of credit is limited, not by considerations as to the available gold reserve, but by the quantity of property in the form of securities; the failure fully to appreciate the fact that whatever the effect of credit may be in circles where credit is in use, a rise of prices that affects retail prices requires an expansion of metallic currency; and finally protest must be made against the assertion that those who hold orthodox views on money believe that the quantity of gold output is the *sole* ultimate regulator of prices upon the money side of the equation of exchange. The ratio of the gold basis to the credit erected upon it changes as business methods evolve—a fact adequately emphasised twenty years ago in Dr. Marshall's evidence before the Gold and Silver Commission. Mr. Hobson's task should have been to show what changes have occurred in business methods which have made it possible to enlarge the amount of credit built on a given gold reserve while fully maintaining the parity between a unit of credit currency and a unit of gold currency, rather than to show merely that the amount of paper securities in the world has increased.

The chapter on Distribution is admirable and all too short. Perhaps Mr. Hobson will be able to develop this section of his work. His views on the slow return to developmental capital must necessarily be, in the absence of adequate data, a matter of opinion.

W.T.L.

3.—*Etudes sur la Formation et le Mouvement des Prix*. Par Marcel Lenoir, Ancien élève de l'École polytechnique, docteur en droit. 201 pp., 8vo. Paris: M. Giard et E. Brière, 1913.

M. Lenoir has published under one cover what are in effect two separate and distinct treatises, the one dealing with the theory of price and its determination by the interplay of demand and supply, and the other containing an examination of price movements over a long period of years of certain important commodities. The former is treated in a highly abstract manner with the aid of indifference curves, "satiety" curves and other graphical devices, some of which vie with Chinese puzzles in complexity; while the latter consists of an examination of a number of price charts. In a half-apologetic manner, the author in his preface touches upon this dual character of the book: "Ces deux séries de recherches correspondent à deux aspects distincts sous lesquels on peut envisager les prix, l'un statique, l'autre dynamique. On souhaiterait, sans doute, d'éclairer ces deux aspects d'une même lumière: une méthode parfaitement adaptée à son objet ne devrait-elle pas pouvoir s'appliquer également à ses différents modes? Mais une pareille unité ne paraît point encore réalisable, le plus souvent, dans le domaine économique." That there must be such differences of method is indeed inevitable; but it may be doubted whether M. Lenoir was well-advised to combine rather extreme examples of realistic and analytical study in a single book, for it is to be feared that many readers will be frightened away by the forbidding

technicalities of part 1 who would have found the discussion of the facts in part 2 intelligible and very suggestive. For such readers little would have been lost by the omission of the first half-dozen chapters, for the only conclusions that are carried forward for statistical verification are a few elementary theorems which might almost have been taken as axiomatic, or at all events could have been shortly proved in simple language. It does not require, for example, any very elaborate analysis to prove that if prices vary in the same direction as production we have probably to seek an explanation of the change on the side of demand, but if they vary in contrary directions we have probably to find the explanation on the side of supply.

The statistical section of the book deals with coal, wheat, cotton, coffee, and average prices over periods of from eighty to a hundred years. Figures of production and consumption both in France and in world markets are presented and an examination is made of the relation between price changes of important commodities and the cyclical variations of trade. The connection between prices and production is brought out by charts in which oscillations are shown by comparing the figures for each year with nine year averages. The results for coal and wheat show that whereas in the former case the special annual movements of prices and production vary in the same direction and closely follow the general state of trade, the prices of wheat as a rule vary inversely with production, and moreover do not touch maxima and minima at the same time as general trade conditions. In comparatively short periods, coal prices and production are the consequence of the state of trade, and in fact are a good index of industrial conditions; wheat prices on the other hand depend on the crops; supply is the predominant factor, and at all events in the latter part of last century the price of wheat has not shown a close correlation with the general condition of industry. On the question of the correlation of general prices with gold production M. Lenoir relies on the calculation of M. Aupetit, which he has brought up to date, as to the amount of gold required to keep prices at a constant level. The deficit or excess of annual production compared with this standard shows a fairly close correlation with the movement of the general price level. It will be remembered that a similar calculation by M. Cassel was quoted by Mr. Hooker in his Paper on prices in the *Journal* for December, 1911. The author does not claim to have broken new ground. The existence of economic laws, he tells us, the universality of trade cycles, the influence of harvests, the quantitative theory, all would be revealed by a simple observation of the facts. But a more exact verification is of value. The merit of this book is that it shows how such a task is to be attempted.

W.T.L.

4.—*Histoire Financière et Économique de l'Angleterre* (1066-1902). Par Étienne Martin. Tome Premier. xii + 512 pp. Tome Second. 642 pp., 8vo. Paris: Felix Alcan, 1912. Price 20 francs.

The learned author of this important treatise has already demonstrated his competence to deal with questions of English financial practice in his book, published some eight years ago, on