the other hand, it is also an excellent illustration of a common tendency among mathematicians to make deductions based on too little inquiry into the adequacy of the data used and too little understanding of the relevance of the comparisons undertaken.

LUCILE BAGWELL
Federal Reserve Bank of New York

DUNKMAN, WILLIAM E. *Qualitative Credit Control.* Pp. 345. New York: Columbia University Press, 1933. $3.00.

Professor Dunkman is highly critical of those theories of credit control which emphasize reserves, the price level, aggregate production, and quantitative weapons. His emphasis on the maladjustments between different sections of the economic system is indicated by his statement that "credit control should aim at limiting debts between individuals, between banks and between banking systems to those which can be cleared against credits" (p. 19). In another connection he observes that too much "emphasis has been placed on the total volume of production instead of on the adjustment of production; on an index of prices instead of on the relationship of prices; on the total volume of credit, rather than on the debt burdens of individuals, corporations and industries" (pp. 142–143).

It is along these lines that the writer finds the chief function of the gold standard. Gold is not the source of credit, but gold movements indicate maladjustments in both the domestic and the international spheres. There is, according to the author's view, apparently no conflict between the demands of domestic and international stability; gold movements signify necessary readjustments in both directions. Gold, however, has been made the scapegoat, and it has been blamed for ills for which it has not been responsible.

Professor Dunkman adheres to what has been called the "bankers' theory of credit." He states, for example, that "banks recognize and generalize business credit" (p. 82); that bank credit is "a secondary or derivative form of credit" (p. 224); that bank credit is not the real determinant of price levels, but the determinants are "trade and business and the conditions under which this potential credit is turned into an effective demand for commodities" (p. 134). Instability grows out of the over optimistic forecasts of bankers as to the sales value of the goods which they finance, and the errors are greater when bankers enter extensively into the investment field.

Professor Dunkman's book revives an old controversy in banking theory and Federal Reserve policy, and he pursues his thesis with vigor. In the opinion of the reviewer he has conceded too little to the opposing school; nevertheless, his book is a well-reasoned and timely reply to the tenets of the extremists of that school.

LEONARD L. WATKINS
University of Michigan

MCCRACKEN, H. L. *Value Theory and Business Cycles.* Pp. xv, 270. New York: Falcon Press, 1933. $4.00.

Publishers continue the unfortunate practice of claiming too much for volumes they publish. As a result, unsophisticated readers are led to expect the impossible and are disappointed, while more serious students may avoid the books because too much is claimed for them. Here is an excellent historical and critical survey of the literature in the field covered. It is well done, but the author gives little space to other than historical analysis and only about one page to his own suggestions. Yet the publishers lead us to believe that a long list of the most difficult economic problems are carefully considered and final answers found.

In Book I the theory of embodied value is traced from Ricardo through Sismondi, Marx, Proudhon, and others, down even to a note on the Ford-Edison Plan. In Book II the theory of commanded value is similarly traced from Malthus, with special attention to Aftalion, Foster and Catchings, Fisher and Keynes. Book III considers the problem of business equilibration and the avoidable causes of unstability, with a final chapter on America's departure from the gold standard—a chapter added as an afterthought, and one which is the least helpful.

The historical analyses in Book I and Book II are the strong parts of the study. The statements are clear and conveniently summarized. Taken together, they are a