THE NOMINALISTIC PRINCIPLE—A LEGAL APPROACH TO INFLATION, DEFLATION AND REVALUATION. By *Eliyahu Hirschberg*. Ramat-Gan, Israel: Bar Ilan University Press, 1971. Pp. 138.

This little book comes out in the moment when the financial crisis on an international scale impresses itself upon the public mind with singular urgency. Although visible in dimensions deeply affecting human existence, it must be analyzed in technical terms and concrete economic needs, presenting themselves in insoluble equations. Inflation and liquidity problems, shortage of capital to finance the economic growth of the underdeveloped countries, the modernization of industrial structures and a host of other contributive situations affecting the financinal market make our author's book singularly topical. It does not pretend to provide the answers to all modern problems of inflation, but it clarifies the issues and gives us an insight into the experience of the past and therefore deserves praise.

It must be said at the start that this is a Ph.D. (Laws) dissertation prepared for the University of London, and the level of research and clarity of presentation speak well for the quality of the doctor's degree of that University.

Our author begins with the examination of the function of money since it ceased to be a commodity (metallism) and became currency—a nominal measure of value, a legal tender in private law and an instrument of governmental policy. Two theories of money (valorism and nominalism) are examined and confronted in terms of the past experience. Nominalistic principle is expressed in the faet that a unit of currency is always equal to itself and unaffected neither by the external changes in the value of currency (the rate of exchange) nor by the internal changes (prices, wages, convertibility). Nominal value set by the legislation is solely taken into account in discharging obligations reduced to money. In contrast, valorism is a theory which regards the extent of the monetary obligations as determined not by the nominal sum of units of currency but by their intrinsic value. In contrast with metallism, which made currency a commodity, valorism stresses the purchasing power of money.

As our author demonstrates, neither of these theories is able to meet adequately the needs of the social order and of the economic life. Inflation—as a government policy—is a technique which permits the state to expropriate commodities and services in order to meet its needs. Consequently, the nominalistic principle may be seen playing into the hands of authoritarian or totalitarian regimes, favoring policies of change and incompatible with a liberal, democratic and stable society. At the same time, nominalism, although politically dangerous, strengthens continuity and stability, which are threatened by excessive valorism and which may be seen as a means to maintain an economic balance between parties to contracts and the economic value of mutual debts and obligations.

No clear-cut solutions are suggested. Rather, the lesson is drawn from the past experience when the only answer to the ills produced by the excessive nominalism was the recourse to limited or general reevaluation. Reevaluation of the German mark in 1924 when one new mark was exchanged for one billion old marks is examined in detail.

In conclusion, while our author recognizes that in modern conditions, the nominalistic principle is the only practical solution, it cannot be permitted to operate without control and correctives. Control must reflect the fact that currency serves both the state and social needs. While nominalism is a principle of public law, it is also the principle of economics and private law relations. It straddles these three levels of human existence and must preserve justice and good faith in contracts and obligations; it must assure stability and certainty in order to assure economic growth and public confidence; and it must also serve the state. Thus the merit of our author's effort is that he reveals and identifies latent conflicts in these three areas of human existence as they surface in conditions of crisis, underscoring the need for solutions accommodating conflicting interests.

The value of the book is enhanced by a copious bibliography.

Kazimierz Grzybowski*

* Professor of Law, Duke University. LL.M. 1931, LL.D. 1934, University of Lwow (Poland); S.J.D. 1933, Harvard University.