

*Die geschichtliche Entwicklung des Zinsfusses in Deutschland von 1895 bis 1908.* By DR. HERMAN ALBERT. (Leipzig: Duncker and Humblot. 1910. Pp. xii, 211, diagrams and tables.)

Dr. Albert's attractive, painstaking, and well organized history of the interest rate in Germany was awarded the first prize at the University of Strassburg in 1909; it appears now in an enlarged form. In the theoretical exposition of the interest rate, the subject of the first part of his book, the author sets forth many fundamental yet elementary matters, closing with the conclusion that the interest rate of a country depends upon the rate of profits, international interest rates, and the elasticity of the country's currency—this elasticity depending upon the development of its discount and check business and upon the character of its bank-note system.

The main part of the study begins with an admirable outline of the fall in the German interest rate from 1815 to 1895, the following important factors in the movement being noted: the Napoleonic wars, the popular disturbances of 1845-71, the application of steam to industry and transportation, the Franco-Prussian war, the unity of the Zollverein (promoting uniformity in the interest rate, as to place), and the railroad development of the period. Dr. Albert makes special mention of the period 1871-1895, giving figures showing the decline in the interest rate in that period in England, France, America, Russia, and Germany. He mentions as causes of this general decline the payment of the French war debt, the payment and refunding of foreign debts notably the American, the return of peace, the panic of 1873 and its consequences, and a decreased need of capital for railroad building. An American at least is impressed with the fact that

this was a period, too, of falling prices, and he may recall also that American railroad development in this period was considerable—from 53,000 miles in 1870 to 180,000 miles in 1895, while American railroad liabilities increased from 4 billions in 1875 to 11 billions in 1895. Cheapened methods of production is undoubtedly another factor to be considered, likewise tariff and business combinations.

The German interest rate in the period of 1895-1908 first reached its highest point at the middle of 1900; there was a considerable drop at the end of 1902 or the beginning of 1903, but not down to the figure of 1895. In 1903 there was an increase; the high point of 1900 was reached at the end of 1907 or the beginning of 1908; since 1908 there has been a rapid decline.

Dr. Albert's final conclusion is that the rate of profits above all other factors determines variations in the interest rate; the foreign money market has no absolute effect upon a country's interest rate although the foreign market does cause fluctuations in that rate; the policy of the Reichsbank has only a slight day to day steadying effect upon the German rate. Whether the high interest rates of the opening of the period are to be temporary or permanent phenomena, the author declares, depends upon future profits and upon conditions of production affecting profits. The author does not appear to ascribe any importance to the tendency toward high or low prices as an influence upon business conditions and hence upon profits. It is not conclusive, he points out in closing his scholarly book, that the efforts to promote concentration of capital and capitalistic association, and especially the development of the technique of electricity, have ceased, and therefore it may be supposed that the tendency to a rising interest rate has not yet come to an end, and that after the general crisis of 1908 the interest rate may go up to new heights.

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