EXCHANGE CONTROL IN CENTRAL EUROPE
By Howard S. Ellis
Harvard University Press, $4.00

Even prior to the crash of 1929 Germany was faced with financial problems of the first magnitude. Unemployment was increasing, and in spite of greater government expenditures in the form of unemployment relief and social security, and notwithstanding the imposition of heavier and heavier taxation upon workers and industry, the situation perversely insisted upon growing worse. The far sighted and intelligent plan of balancing the budget by going deeper and deeper in the hole had been tried repeatedly, and yet in 1931 Schacht announced that "Germany's ability to pay had come to an end and that a dictatorship was inevitable." In the summer of that year the first Exchange Control Act was passed; this act suspended the operation of a free market in foreign exchange, and Germany finished the year with a deficit of over 2½ billion Reichmarks. An "emergency" decree followed, which reduced all wages by 10 to 15 per cent. Many more such decrees were promulgated in later years.

Hungary and Austria went through similar experiences. Professor Ellis tells the history in detail, and concludes his book with a discussion of the theory of exchange control. His book leaves one with an uncomfortable feeling, as when one sees a face, vaguely familiar, which one yet cannot quite identify. But if any reader wants to know just how much of permanent benefit can come from juggling with the currency and the national treasury, this is the book he should read.

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