THE NOMINALISTIC PRINCIPLE: By Eilyahu Hirschberg. Bar-Ilan University, Ramat-gan, Israel, 1971. Pp. 134.

This volume is one of a series of research monograms published by Bar-Ilan University and examines the concept of money both from a legal and an economic point of view.

The subject matter is broken down into three parts: nominalism, valorism and revaluation. Nominalism is the term used to describe our present monetary system wherein the state decrees what shall serve as the currency of the state and although the currency is exchangeable for assets, there is no guarantee that the purchasing power will remain the same over time; in fact the long term trend has been inflationary and this is encouraged by the state and other large lenders who benefit at the expense of the population generally. The writer rejects nominalism as being an unsatisfactory approach and cites illustrations where, in Germany after World War I, the courts themselves even tried to redress the severe injustices that resulted from extreme inflation.

Valorism on the other hand is put forth as the preferable alternative being more equitable in that it fixes the unit of currency to its purchasing power rather than the relatively arbitrary decree of the state. An economist will refer to the idea in terms of "constant dollars" and the concept itself is by no means novel.

Revaluation is described as a last resort when the purchasing power of the currency has declined to such an extent that either the courts or the government take positive steps to decrease the inequities resulting from extreme inflation.

Excluding the introduction, the main body of the book contains approximately 100 pages. Many of the concepts introduced are rather basic and are not developed to the degree required in any examination of the problem from an economic point of view. For example, the writer concludes that valorism is preferable to nominalism because this maintains a fairly constant purchasing power for the unit of currency. No attempt is made, however, to analyze what the consequences would be on an economic system if a moderate amount of inflation were not present so as to provide a constant inducement to exchange one's unit of currency for an asset, as opposed to banking the currency and collecting the interest.

From a legal point of view, the references to the treatment of monetary concepts by courts are too brief to enable a legal scholar to come to any satisfactory conclusion as to the appropriateness of decisions in any particular factual situation.

Furthermore, the book does not purport to look into the question of why the purchasing power of the unit of currency deteriorates and any in-depth analysis into the question of the "value of money" would have to look at this problem as well.

However, the fact that the cost of living escalator provisions are now recognized as part of labour-management contracts and pension plans and that the federal government in this country has recognized the declining value of the dollar for the purpose of calculating personal exemptions for income tax purposes is witness to the author's central thesis that the "nominalistic principle" is unsatisfactory in its present form.

In short, I was not particularly impressed by the book as it continues to repeat a few recurrent themes of the author throughout and does not enter into any in-depth analysis, either from an economic or a legal point of view of the subject matter.

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