Money and prices

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CHARLES SCRIBNER'S SONS
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PREFACE

No practical economic problem has been brought more prominently to the front than that of prices and how they are regulated. It is said that the high rate of war wages cannot come down until prices of the articles consumed by the laborer fall. Indeed, cost of living to every one is involved in the price question. Why, then, have prices gone up? To what force must we look for their decline? Some writers have asserted that prices rise and fall because of the quantity of money in circulation, or the volume of credit devices. On the other hand, there was no such expansion of money or credit as would account for the rise of war prices in this country. Every business man, moreover, knows that higher wages for no greater labor effort have raised prices. It is a very timely subject, indeed, for all of us.

Instead of making a complex and theoretical exposition of prices and their causes, it occurred to the author that, after a simple statement of the principles involved, the forces regulating prices might be clearly interpreted for the general reader by the means of practical chapters from the history of prices since 1850, extending to the end of the European War.
Such a plan enables the relation of the production of gold to the price level, the great lack of uniformity in the prices of different groups of articles—especially in agricultural products as contrasted with other groups—and the mooted question of inflation as a cause of high war prices, to be treated in this volume. Thus it might not be uninteresting to present the workings of the fundamental principles of money—not in dry, theoretical essays, but in the form of studies upon actual happenings and emergencies in the experiences of recent decades down to the present day. A unity of treatment was thus obtained which, it is hoped, has not been impaired by the introduction of several topics which belonged as corollaries to the main course of the exposition. These also were episodes of our actual experience.

J. Laurence Laughlin.

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