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THE PRIMITIVE ECONOMICS OF THE TROBRIAND ISLANDERS

Only a very slight acquaintance with ethnological literature is needed to convince us that little attention has been paid so far to the problems of economics among primitive races. A certain amount of speculation has been devoted to origins of economic institutions—more especially to origins of property; to the stages of economic development, and to certain questions of exchange, "primitive money," and rudimentary forms of division of labour. As a rule, however, small results have been achieved, because the amount of serious consideration given by theoretical writers to economic problems is in no way proportional to their complexity and importance, and the field observations extant are scanty. Again, the lack of inspiration from theoretical work has reacted detrimentally on ethnographic field work, and a careful survey of the best records of savage life reveals little or nothing that might be of value to the economist.

A student of economics, in possession of a systematic theory, might be naturally tempted to inquire how far, if at all, his conclusions can be applied to a type of society entirely different from our own. He would attempt in vain, however, to answer this question on the basis of the ethnological data extant, or, if he did, his results could not be correct. In fact, the question has been set forth and an attempt at its solution made by C. Buecher in his Industrial Evolution. His conclusions are, in my opinion, a failure, not owing to imperfect reasoning or method, but rather to the defective material on which they are formed. Buecher comes to the conclusion that the savages—he includes among them races as highly developed as the Polynesians—have no economic organisation, and that they are in

1 Résumé of a course of lectures given at the London School of Economics in the Summer Term, 1920, embodying some results of the Robert Mond Ethnographic Expedition to British New Guinea.

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a pre-economic stage—the lowest in that of the individual search for food, the higher ones in the stage of self-sufficient household economy.

In this article I shall try to present some data referring to the economic life of the Trobriand Islanders, a community living on a coral archipelago off the north-east coast of New Guinea. These natives, typical South Sea Islanders of the Melanesian stock, with a developed institution of chieftainship, great ability in various crafts and a fine decorative art, certainly are not at the lower end of savagery. In their general level of culture, however, they may be taken as representative of the majority of the savage races now in existence, and they are less developed culturally than the Polynesians, the bulk of North American Indians, of Africans, and of Indonesians. If we find, therefore, distinct forms of economic organisation among them, we are safe in assuming that even among the lowest savages we might expect to find more facts of economic interest than have been hitherto recorded.

I shall first give an outline of the natural resources of the Trobrianders and a broad survey of the manner in which these are utilised. The natives live on flat coral islands, covered with rich, heavy soil, very well suited for the cultivation of yams and taro, and they also enjoy a good regular rainfall. The coast is surrounded in parts with a fringing reef, in parts it encloses a big, shallow lagoon, teeming with fish. Having such excellent natural inducements, the natives are splendid tillers of the soil and first-rate fishermen, efficient and hard-working in both pursuits. These in turn reward them with a perennial abundance of food, sufficient to support a population very dense, as compared with other tribes of that part of the world. In gardening the natives obtain their fine results in spite of using only the most primitive implement—a pointed stick, made and discarded every time they go to work. In fishing they use big nets, also traps, fish-hooks and poison. As manufacturers they excel in wood-carving, basket-weaving, and the production of highly-valued shell ornaments. On the other hand, through lack of material, they have to rely on the importation from other tribes of stone implements and pottery, as, of course, neither hard stone nor clay are obtainable on a coral island. I have begun by giving this general outline of their resources, pursuits and crafts, in order to indicate the narrow frame within which the current accounts of economics are encompassed. The data would there, no doubt, be given with a much greater wealth of detail—especially in the
technological aspect—but it would be mainly the successive
description of the various activities, connected with the quest
for food and the manufacture of objects, without any attempt
being made at a discussion of the more complex problems,
referring to organisation of production, apportionment, and to
the mechanism of tribal life in its economic aspect.

This will be done here, beginning with production, and taking
agriculture as an example.

The questions before us are, first, the important problem of
land tenure; next, the less obvious problems of the organisation
of production. Is the work in the gardens carried out by each
family, or each person individually and independently? Or is
there any general co-ordination of this work, any social organisa-
tion of their efforts, and, if so, how is it done, and by whom?
Are the successive stages of the work integrated into any organic
whole, by any supervision, by any personal guidance, or any
social or psychological force?

Land tenure among the Trobriand natives is rather complex,
and it shows well the difficulties of solving ethnographic field
problems of this type and the dangers of being misled into some
inadequate approximation. When I began to inquire into this
subject, I first received from my native informant a series of
general statements, such as that the chief is the owner of all
land, or that each garden plot has its owner, or that all the
men of a village community own the land jointly. Then I tried
to answer the question by the method of concrete investigation:
taking a definite plot, I inquired successively, from several
independent informants, who was the owner of it. In some
cases I had mentioned to me successively as many as five different
"owners" to one plot—each answer, as I found out later on,
containing part of the truth, but none being correct by itself.
It was only after I had drawn up complete plans of the garden
land of several village communities, and inquired successively
into the details, not only of each separate garden unit, but also
into the details of each of the alleged forms of "ownership,"
that I was able to reach a satisfactory conclusion. The main
difficulty in this, as in ever so many similar questions, lies in
our giving our own meaning of "ownership" to the corresponding
native word. In doing this we overlook the fact that to the
natives the word "ownership" not only has a different signi-
ficance, but that they use one word to denote several legal and
economic relationships, between which it is absolutely necessary
for us to distinguish.
The chief (Guyau') has in the Trobriands a definite over-right over all the garden land within the district. This consists in the title of "master" or "owner" (Tohi), and in the exercise of certain ceremonial rights and privileges, such as the decision on which lands the gardens are to be made, arbitration in garden disputes, and several minor privileges. The garden magician (Towosi) also calls himself the "master of the garden" and is considered as such, in virtue of his complex magical and other functions, fulfilled in the course of gardening. Again, in certain cases, and over certain portions of the land, the same title is given to notables or sub-chiefs, who carry out certain minor offices in connection with it. Finally, each garden plot belongs to some individual or other in the village community, and, when the gardens are made on this particular land, this owner either uses his plot himself or leases it to someone else under a rather complicated system of payment. The chief, the magician and the notables also own individually a number of garden plots each, independently of their general over-rights.

Now the reason why an economist cannot ignore such over-rights and complications is that the natives value them extremely, and, what is more important, that such over-rights carry with them definite functions and wield definite influences of economic importance.

Thus the complex conditions of land tenure, the not infrequent quarrels about gardening, and the need for summoning and maintaining communal labour require a social authority, and this is supplied by the chief with the assistance of the notables. On the other hand, the Towosi, the hereditary garden magician of each village community, has to a great extent the control over the initiative in the more detailed proceedings of the work. Each stage of gardening is inaugurated by a magical rite performed by him. He also orders the work to be done, looks after the way in which it is carried out, and imposes the periods of taboo, which punctuate it.

The proceedings of gardening are opened by a conference, summoned by the chief and held in front of the magician's house, at which all arrangements and the allotment of garden plots are decided upon. Immediately after that, the members of the village community bring a gift of selected food to the garden magician, who at night sacrificially offers a portion of it to the ancestral spirits, with an invocation, and at the same time utters a lengthy spell over some special leaves. Next morning, the magician repairs to the garden, accompanied by the men of the
village, each of whom carries an axe with the charmed leaves wrapped around its blade. While the villagers stand around, the *Towosi* (magician) strikes the ground with a ceremonial staff, uttering a formula. This he does on each garden plot successively, and on each the men cut a few saplings with their axes. After that, for a month or so, the scrub is cut in the prospective gardens by men only, and communal labour is often resorted to. The *Towosi* has to decide when the next stage, the burning of scrub and the clearing of soil, has to begin. When he thinks that the cut scrub is sufficiently dry, he imposes a taboo on garden work, so that any belated cutting has to be suspended. In a series of rites, lasting, as a rule, for about three days, he inaugurates the work of clearing the garden plot; this afterwards is carried on by men and women jointly, working in families, each on its own plot, without the help of communal labour. The planting of yams is inaugurated by a very elaborate ceremony, also extending over a few days, during which no further garden work is done at all. A magical rite of its own inaugurates each further stage, the erection of supports for the yam vine; the weeding of the gardens, done by female communal labour; the cleaning of the yam roots and tubers; the preliminary harvest of early yams; and finally the main harvest of late yams.

When the plants begin to grow a series of magical rites, parallel with the inaugural ones, is performed, in which the magician is supposed to give an impulse to the growth and development of the plant at each of its successive stages. Thus, one rite is performed to make the seed tuber sprout; another drives up the sprouting shoot; another lifts it out of the ground; yet another makes it twine round the support; then, with yet other rites, the leaves are made to bud, to open, to expand, respectively.

The *Towosi* (garden magician) always performs a rite first on one of the four garden plots selected for the purpose each season, and called *Leywota*. In certain ceremonies he afterwards carries the magic on into each garden plot, in others the magic is performed on the selected plots only. The *Leywota* are important from the economic point of view, because the owner of such a plot is bound to keep pace with the progress of magic, that is, he may not lag behind with his work. Also, the *Leywota* plots are always worked with a special care, and they are kept up to a very high standard of gardening. Thus, both in the regularity and in the quality of the work done, these plots set a definite pattern to all the others.
Besides the indirect influence which the Towosi exercises on garden work by giving the initiative and inaugurating the successive stages, by imposing taboos, and by setting the standard by means of the Leywota plots, he also directly supervises certain activities of general importance to all the gardens. Thus, for example, he keeps his eye on the work done in fencing round the garden. All the plots are placed within a common enclosing fence, of which everyone has to make his share, corresponding to his plot or plots. Thus, the neglect of one careless individual might result in a damage to all, for bush pigs or wallabies might find their way in and destroy the new crops. If this happens, the garden magician gets up in front of his house in the evening and harangues the village, often mentioning the culprit by name and heaping blame on him—a proceeding which seldom fails to take effect.

It is easy to see that the magician performs manifold and complex functions, and that his claim to be the "master of the garden" is not an empty one! What is now the economic importance of his functions? The natives believe deeply that through his magic the Towosi controls the forces of Nature, and they also believe that he ought to control the work of man. To start a new stage of gardening without a magical inauguration is, for them, unthinkable. Thus, his magical power, exercised side by side with their work, his magical co-operation, so to speak, inspires them with confidence in success and gives them a powerful impulse to work. Their implicit belief in magic also supplies them with a leader, whose initiative and command they are ready to accept in all matters, where it is needed. It is obvious that the series of magical rites—punctuating the progress of activities at regular intervals, imposing a series of rest periods, and, in the institution of standard plots (Leywota), establishing a model to the whole community—is of extreme importance. It acts as a psychological force, making for a more highly organised system of work, than it would be possible to achieve at this stage of culture by an appeal to force or to reason.

Thus, we can answer the questions, referring to the organisation of production, by summing up our results, and saying that the authority of the chief, the belief in magic, and the prestige of the magician are the social and psychological forces which regulate and organise production; that this latter, far from being just the sum of uncorrelated individual efforts, is a complex and organically united tribal enterprise.

Finally, a few words must be said about the character of
native labour in the Trobriands. We would see their economic activities in an entirely wrong perspective, if we were to imagine that these natives are temperamentally lazy and can work only under some outside pressure. They have a keen interest in their gardens, work with spirit, and can do sustained and efficient work, both when they do it individually and communally. There are different systems of communal work on various scales; sometimes the several village communities join together, sometimes the whole community, sometimes a few households. Distinctive native names are given to the various kinds of communal work, and payment in food also differs. In the more extensive kinds of work, it is the chief's duty to feed the workers.

An interesting institution of ceremonial enterprise deserves special attention. This is known as the Kayasa, and might be described as a period when all activities, whether gardening, fishing, industrial or even merely tribal sports and merrymaking, are carried out with special intensity. When the season is good, and the time is felt by the whole community to be propitious, the chief announces the Kayasa, and inaugurates it by giving a big feast. The whole period of the Kayasa is punctuated by other feasts, also provided for by the chief, and everyone who takes part is under an implicit obligation to do his best, and work his hardest, so that the Kayasa may be a success.

We have discussed their production on the example of gardening. The same conclusions, however, could have been drawn from a discussion of fishing, building of houses or canoes, or from a description of their big trading expeditions. All these activities are dependent upon the social power of the chief and the influence of the respective magicians. In all of them the quantity of the produce, the nature of the work and the manner in which it is carried out—all of which are essentially economic features—are highly modified by the social organisation of the tribe and by their magical belief. Customary and legal norms, magical and mythological ideas, introduce system into their economic efforts and organise them on a social basis. On the other hand, it is clear that if an ethnologist proposes to describe any aspect of tribal life, without approaching it also from the economic point of view, his account would be bound to be a failure.

This will be still more evident after a description of the manner in which they apportion the produce and utilise it in what could be called the financing of tribal enterprise. Here, again, I shall speak, for simplicity's sake, mainly of the garden
produce. As each man has allotted to him for each season one or several garden plots, we might expect that, following the principle of "closed household economy," each family would by themselves consume the results of their labour. As a matter of fact, the apportionment or distribution, far from following such a simple scheme, is again full of intricacies and presents many economically interesting features. Of these the two most important are: the obligations, imposed by rules of kinship and relationship-in-law, and the dues and tributes paid to the chief.

The first-named obligations involve a very complex redistribution of garden produce, resulting in a state of things in which everybody is working for somebody else. The main rule is that a man is obliged to distribute almost all his garden produce among his sisters; in fact, to maintain his sisters and their families. I must pass over all the complications and consequences implied by this system, and only notice that it means an enormous amount of additional labour in handling and transporting the produce, and that it enmeshes the whole community into a network of reciprocal obligations and dues, one constant flow of gift and counter-gift.

This constant economic undertow to all public and private activities—this materialistic streak which runs through all their doings—gives a special and unexpected colour to the existence of the natives, and shows the immense importance to them of the economic aspect of everything. Economic considerations pervade their social life, economic difficulties constantly face them. Whenever the native moves—to a feast, to an expedition, or in warfare—he will have to deal with the problems of giving and counter-giving. The detailed analysis of this state of affairs would lead us to interesting results, but it would be a side issue from our main theme—the public economy of the tribe.

To return to this, we must first consider, what part of the whole tribal income is apportioned to the chief. By various channels, by dues and tributes, and especially through the effect of polygamy, with its resulting obligations of his relatives-in-law, about 30 per cent. of the whole food production of his district finds its way into the large, finely-decorated yam houses of the chief. Now to the natives the possession and display of food are of immense value and importance in themselves. Pride in possessing abundant food is one of their leading characteristics. One of the greatest insults that can be uttered is to call someone "Man with no food," and it would be bitterly resented, and probably a quarrel would ensue. To be able to boast of
having food, is one of their chief glories and ambitions. Their whole conduct, in the matter of eating in public, is guided by the rule that no suspicion of scarcity of food can possibly be attached to the eater. For example, to eat publicly in a strange village would be considered humiliating, and is never done.

Their ambitions in this direction are also shown by the keen interest taken in the display of food. On all possible occasions—at harvest time, when there is an interchange of gifts, or when the enormous food distributions (Sagali) take place—the display of the food is one of the main features of interest. And there are even special food exhibitions, in which two villages compete against each other, and which in the old days used to be taken so seriously that often war was the result.

The chief is the only person who owns a big yam house, which is made with open interstices between the beams so that all may look through and admire the yams, of which the finest are always placed to the front. The chief is, as a matter of fact, also the only person who can accumulate, and, as a matter of privilege, the only one who is allowed to own and display large quantities. This gives him a definite status, is a sign of high rank, and satisfies his ambition. Finally, it enhances his power, broadly speaking, in the same manner as possession of wealth does with us.

Another important privilege of the chief, is his power to transform food into objects of permanent wealth. Here again, he is the only man rich enough to do it, but he also jealously guards his right, and would punish anyone who might attempt to emulate him, even on a small scale.

The Vaygua—objects or tokens of wealth—consist of several classes of highly-valued articles, mainly big ceremonial axe-blades, necklaces of red shell discs, and armshells of the conus millepunctatus shell. These objects are hardly ever put to any real use, but they are extremely highly valued in themselves by the natives. The material of which they are made is rare and difficult to obtain, and much time and labour must be spent in working it. Once made, however, the objects are very durable, almost indestructible. Their main economic function is to be owned as signs of wealth, and consequently of power, and from time to time to change hands as ceremonial gifts. As such, they are the foundation of certain kinds of native trade, and they constitute an indispensable element of the social organisation of the natives. For, as mentioned above, all their social life is accompanied by gift and counter-gift. These are, as a rule,
arranged so that one party has to give a substantial present of food, when the other offers one of the tokens of wealth.

The chief, as said, has the means and the customary privilege of producing these objects. He also, in definite circumstances, frequently acquires them in exchange for food. In any case, about 80 per cent. of these objects remain in his possession (or at least this was the proportion before the chief’s power and all their tribal law had been undermined by white man’s influence). This acquisition of valuables, side by side with possession of food, is the basis of his power and a mark of his dignity and rank.

The chief finally is (or, more correctly, in olden days was) the owner of about three-quarters of all the pigs, coconuts and betel nuts in the district. By a system of métayage, there are in the various villages certain people, who look after his right over these three classes of things; they also receive their share, but have to bring him the bulk of the produce.

Thus, the possession of the beautiful yam houses, always ready to receive the crops, and often filled with them; the acquisition of a large amount of Vaygua (tokens of wealth), and of the greater part of the pigs, coconuts and betel nuts, give the chief a static basis of power, prestige and rank. But also the control over all these classes of wealth allows him to exercise his power dynamically.

For in a society where everything has to be accompanied by gift and payment, even the chief, the highest and most powerful individual in the community, though, according to customary rule, he can command the services of all, still must pay for them. He enjoys many personal services, such as being carried about on his journeys, sending people on errands, having all forms of magic performed for him. For such services, rendered by retainers and picked specialists, a chief must pay immediately, sometimes in Vaygua, sometimes in food, more especially in pigs, coconuts and betel nuts.

The essential of power is, of course, the possibility of enforcing orders and commanding obedience by means of punishment. The chief has special henchmen to carry out his verdicts directly by inflicting capital punishment, and they must be paid by Vaygua. More often, however, the punishment is meted out by means of evil magic. How often the sorcerers in the Trobriands use poison, it would be difficult to say. But the enormous dread of them, and the deep belief in their power, renders their magic efficient enough. And if the chief were known to have given
a *Vaygua* to a powerful sorcerer in order to kill a man, I should say that man was doomed.

Even more important than the exercise of personal power, is the command, already mentioned once or twice, which wealth gives the chief over the organisation of tribal enterprises. The chief has the power of initiative, the customary right to organise all big tribal affairs, and conduct them in the character of master of ceremonies. But there are two conditions incidental to the *rôle* he has to play. The leading men, such as the headmen of dependent villages, the main performers, the always indispensable magicians, the technical specialists, have all to be paid, and are, as usual, paid in objects of wealth, and the bulk of the participants have to be fed.

Both these conditions can be fulfilled by the chief in virtue of his control over a considerable portion of the consumable and condensed wealth of the tribe.

As a concrete example of big tribal affairs, organised and financed by the chief, we can quote first of all the above-mentioned *Kayasa*, a term embracing several kinds of ceremonial enterprises. In these, as we saw, the chief, by means of gifts, imposes a binding obligation on the participants to carry out the undertaking, and by means of periodical distributions he keeps everyone going during the time of dancing, merry-making or communal working. In former times during war, when the inhabitants of two hostile districts used to forgather in their respective chiefs' villages, the chief had to summon his vassal headmen by gifts of *Vaygua*.¹ Then at an initial ceremonial gathering, there would be a distribution of food, in particular the specially coveted pig's flesh, coconuts and betel nuts. And, later on, when during the progress of hostilities large numbers had to camp in or near the chief's village, his yam houses would be severely taxed in order to keep the warriors provided with food. Again, there is an important feature of their tribal life—the *Sagali*, or ceremonial distributions of food from one clan to another, associated with their mortuary ritual. In these the chief's wealth often had to be called upon to a considerable extent if the nominal giver of the feast had any claim on him as his kinsman, clansman, or relative-in-law.

We see, therefore, that in following up the various channels through which produce flows, and in studying the transformations it undergoes, we find a new and extremely interesting field for ethnological and economic interest. The chief's economic *rôle*

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¹ For a general description of the Kiriwinian war customs, which are a thing of the past, see the article by the writer in *Man*, January, 1920.
in public life can be pointedly described as that of "tribal banker," without, of course, giving this term its literal meaning. His position, his privileges, allow him to collect a considerable portion of tribal yield and to store it, also to transform part of it into permanent condensed wealth, by the accumulation of which he gives himself a still bigger fund of power. Thus, on the one hand, the chief's economic function is to create objects of wealth, and to accumulate provisions for tribal use, thus making big tribal enterprises possible. On the other hand, in doing so, he enhances his prestige and influence, which he also exercises through economic means.

It would be idle to generalise from one example, or to draw strained parallels—to speak of the chief as "capitalist" or to use the expression "tribal banker" in any but the most unpretentious way. If we had more accounts of native economics similar to this—that is, going more into detail and giving an economic synthesis of facts—we might be able to arrive, by comparative treatment, at some interesting results. We might be able to grasp the nature of the economic mechanism of savage life, and incidentally we might be able to answer many questions referring to the origins and development of economic institutions. Again, nothing stimulates and broadens our views so much as wide comparison and sharp contrast, and the study of extremely primitive economic institutions would no doubt prove very refreshing and fertilising to theory.

It is necessary to point out that, in such a short article, where the broad outline of the institutions and customs has to be given with a few strokes, I have had to summarise certain things. Thus I speak of "the chief," whereas in a more detailed account I would have shown that there are several chieftainships in the tribe with a varying range and amount of power. In each case the economic, as well as the other social conditions, are slightly different, and to these differences I have not been able to do justice in this article. I have tried to present the general features which, in a manner, are common to all the districts of Kiriwina. A greater wealth of detail, though it might blur certain outlines and certainly would make things look less simple, would have allowed us to draw our conclusions even more forcibly and convincingly.

To sum up the results so far obtained, we may say that both the production and its apportionment in the native communities are by no means as simple as is usually assumed. They are both based on a special form of organisation, both are intertwined
with other tribal aspects, depending and reacting on other social and psychological forces.

Through the institution of chieftainship and the belief in magic, their production is integrated into a systematic effort of the whole community. By this a considerable amount of consumable wealth is produced, a great part of which is controlled by the chief, who transforms some of it into permanent wealth and keeps the rest in store. This, again, coupled with the natives' regard for wealth, and the importance of material give-and-take in their social institutions, allows the chief to wield his power to organise and finance tribal life.

We have not spoken of exchange yet, and, indeed, it is such a vast subject in the Trobriands—that is, if treated in the light of a more precise analysis—that in this paper I shall not attempt to deal with it exhaustively. There is, however, one point to which I want to draw attention. The tokens of wealth have often been called "money." It is at first sight evident that "money" in our sense cannot exist among the Trobrianders. The word "currency"—differentiated from "money" in that it is an object of use as well as a means of exchange—does not help us much here, as the articles in question are not utilities. Any article which can be classed as "money" or "currency" must fulfil certain essential conditions; it must function as a medium of exchange and as a common measure of value, and it must be the instrument of condensing wealth, the means by which value can be accumulated. Money also, as a rule, serves as the standard of deferred payments. It is obvious at once that in economic conditions such as obtain among the Trobrianders, there can be no question of a standard of deferred payments, as payments are never deferred. It is equally clear that the Vaygua do serve as a means of condensing wealth—in fact, that this is their essential rôle.

The questions of a common measure of value and a measure of exchange require, however, some consideration. Exchange of useful articles against one another does exist in Kiriwina, both in internal and external trade. Indeed, barter among the natives is very well developed. Their exchange sometimes takes the form of free gift and following counter-gift—always repaid according to definite rules of equivalence. Sometimes it is real barter (for which they have a term—Gimwali), where one article is traded against another, with direct assessment of equivalence and even with haggling.

But in all cases trade follows customary rules, which deter-
mine what and how much shall be exchanged for any given article. Thus the villagers of Bwoitalu are the professional carvers in hard wood and produce excellent carved dishes. They are, on the other hand, in need of coconuts and yam food, and they like to acquire certain ornaments. Whenever one of them has a few dishes of certain dimensions on hand, he knows that in the village of Oburaku he can get about forty coconuts for one grade, twenty for another, ten for another, and so on; in the central villages of Kiriwina, he can obtain a definite number of yam baskets; in some other villages, he can get a few red shell-discs or turtle-shell ear-rings. Again, some coastal villages need a special kind of strong creeper for lashing their canoes. This they know can be obtained from villages near swamps for a definite payment—that is, one coil of creeper for one coconut or betel nut, or ten coils for a small basketful of yams.

All the trade is carried on in exactly the same way—given the article, and the communities between which it is traded, anyone would know its equivalent, rigidly prescribed by custom. In fact, the narrow range of exchangeable articles and the inertia of custom leave no room for any free exchange, in which there would be a need for comparing a number of articles by means of a common measure. Still less is there a need for a medium of exchange, since, whenever something changes hands, it does so always because the barterers directly require the other article.

This leads us first of all to the conclusion that we cannot think of Vaygua in terms of “money.” Moreover, what is more important still, we see that in Kiriwina the character of the exchange does not admit of any article becoming money. Certain things, no doubt, more especially basketsful of yams, bundles of taro and coconuts are very frequently exchanged, and against a wide range of other articles, and in economic considerations they may serve us as measures of value, but they are not regarded or purposely used as such by the natives.

When reading ethnological accounts about native “money”—such, for example, as those about the diwarra shells in New Britain or about the big stones in the Carolines—the statements appear to me singularly unconvincing. Unless it is shown that the mechanism of exchange among the natives there requires or even allows of the existence of an article, used as a common measure of value or medium of exchange, all the data given about an article, however much they might lend it a superficial resemblance to money, must be considered worthless. Of course, when a savage community comes into commercial relations with a
higher culture—as in Africa, where trading between Arabs and Europeans has long taken place—then money can and even must exist. Some forms of the so-called South Sea "money" may have acquired this character recently under European influence, and the *diwarra* may possibly be a case in point.

The discussion of the problem of money among primitive peoples shows very clearly how necessary it is in ethnology to analyse the economic background of the conditions indispensable to the existence of certain complex phenomena. The existence of "money" or "currency" so easily assumed, so glibly introduced by the use of these terms, proves with close analysis to be an hypothesis extremely bold and probably equally misleading.

One further function of the tokens of value should be mentioned here, that is, their exchange in the form of circular trading, called by the natives *Kula*, which takes place over a wide area amongst the islands and coasts of this part of British New Guinea. This peculiar form of circular trade presents many interesting economic features, but as it has been described elsewhere I shall not enter into the subject now.¹

All the facts adduced in this article lead us to the conclusion that primitive economics are not by any means the simple matter we are generally led to suppose. In savage societies national economy certainly does not exist, if we mean by the term a system of free competitive exchange of goods and services, with the interplay of supply and demand determining value and regulating all economic life. But there is a long step between this and Buecher's assumption that the only alternative is a pre-economic stage, where an individual person or a single household satisfy their primary wants as best they can, without any more elaborate mechanism than division of labour according to sex, and an occasional spasmodic bit of barter. Instead, we find a state of affairs where production, exchange and consumption are socially organised and regulated by custom, and where a special system of traditional economic values governs their activities and spurs them on to efforts. This state of affairs might be called—as a new conception requires a new term—Tribal Economy.

The analysis of the natives' own economic conceptions of value, ownership, equivalence, commercial honour and morals opens a new vista of economic research, indispensable for any deeper understanding of a native community. Economic elements enter into tribal life in all its aspects—social, customary, legal and magico-religious—and are in turn controlled by these.

It is not for the observer in the field to answer or to contemplate the metaphysical question as to what is the cause and effect—the economic or the other aspects. To study their interplay and correlation is, however, his duty. For to overlook the relation between two or several aspects of native life is as much an error of omission as to overlook any one aspect.

B. Malinowski
CORN PRICES AND THE CORN LAWS, 1815–1846

Mr. R. G. Hawtrey's articles on the Assignats and the Bank Restriction of 1797 have raised high hopes in the breasts of economic historians; for they have shown the aid which exact economic history can render to the elucidation of economic theory. It is much to be desired that the same service should be rendered to the economics of agriculture. How large a part of the classical political economy was built on corn is sufficiently well known. Some of the classical economists, notably Malthus, had a broad historical sense; others, like McCulloch, had an encyclopaedic knowledge of facts; others, again, like West and Ricardo, were keen critics of particular episodes in financial policy; but there was only one among them who combined history and theory in the sense in which they were combined by Adam Smith. This was Thomas Tooke (1774–1858), economist, statistician, and Baltic merchant. His magnum opus, The History of Prices, is unfortunately so rare and expensive that the present generation can hardly procure it, except from a library; but it possesses much more than antiquarian value. Dealing alternately with currency and corn prices, Tooke achieved a double result. He led the way along the path which Mr. Hawtrey has followed with such enviable success; and he advanced along a second path, where he still awaits a follower. This is not surprising. Currency theory and Treasury experience are so intimately associated that the time was bound to come when a Treasury expert would visualise for us the reactions of the currency to the disturbances of the Napoleonic wars. But though we have a Ministry of Agriculture and Fisheries, we have not a Minister of Corn Markets; and it is to be feared that our agricultural experts would find little profit in West's Law of Diminishing Returns or Ricardo's doctrine of Rent. Mr. N. S. B. Gras, an American writer, has given us recently The Evolution of the English Corn Market down to the eighteenth century, but this work stops at the point where the theorist would be most likely to make liaison with history, and we feel greatly the need of a continuation, such as Thomas Tooke would have written if he had lived in our day and been asked for an historical introduction to a
governmental report on "corn production and bread prices after the war." We should have studied it with the assurance that, as an expert, he would be alive to the indirect consequences to which the amateur is so apt to be blind, except in retrospect. The few pages which follow were inspired by Tooke's work, and are offered to readers of this journal in the hope of providing yet another point of contact between the historian and the theorist. The writer, however, must confess that he is as innocent of the secrets of Mark Lane as was Edward West, the young barrister from Oxford, of the economy of an English farm.

In the period from 1815 to 1846 the Corn Laws had a material influence on prices; but how far, if at all, they raised prices it is impossible, even approximately, to determine. Several of the witnesses before the Import Duties Committee of 1840—whose report is nothing more than a manifesto in favour of Free Trade—attempted the task, but arrived at their conclusions by making assumptions which were unwarranted. Thus Mr. Bowring said¹: "Supposing that of every sort of corn the consumption of this country is 45 millions of quarters; I do not speak of wheat only, but corn generally; upon that, if (sic) the rise of price be 5s. per quarter, it is clear that the Corn Laws impose an indirect taxation of more than 11 millions sterling upon the community." And, again, Mr. Smith, President of the Manchester Chamber of Commerce: "Assuming that the consumption of grain of all kinds in this country be 60 millions of quarters per annum (Mr. McCulloch, I think, estimated it at 52 millions of quarters many years ago); supposing (sic) that the effect of the Corn Laws be to raise the price of grain in this country 10s. a quarter higher than it would otherwise be, and supposing that the consumption of all other agricultural produce together be equal to the consumption of grain, then you have a consumption equal to 120 millions of grain, which at 10s. a quarter would amount to 60 millions of money."² If we confine these two estimates to cereals (for this is what Mr. Bowring meant by "corn generally" and Mr. Smith by "grain of all kinds"), Mr. Smith's figure must be halved, Mr. Bowring's remaining at £11 millions and Mr. Smith's becoming £30 millions. But these were estimates for a single year; and the orators of the Anti-Corn Law League, multiplying by 25, so as to cover the whole period between 1815 and 1840, arrived at a total which paralysed the imagination and elicited appropriate rage.

¹ Commons' Committee on Import Duties, 1840. Q. 692.
² Ibid., Q. 2155.
If there had been a regular duty on grain, and if all sorts of grain had been at all times largely imported from abroad, this method of calculation would have been on the right lines. But neither of these conditions was fulfilled.

Under the law of 1815 no duty was paid at all, and it is impossible to calculate the indirect effects of a non-existent tax. The calculation was no easier with the sliding scale introduced by the Act of 1828; for most of the corn was held up until the duty was nominal. In 1838, for example, out of 1.7 million quarters of imported wheat, 1.2 were entered at the duty of 1s.1 It is even possible that the violent fluctuations which these laws occasioned may have caused the total of wheat sold in a particular year to fetch in the aggregate a lower price than it would have fetched had there been no restraints on importation. In this case the loss of value would be an index of the burden on the nation and would be comparable with the kind of loss which might occur if organised speculation in the world’s wheat markets was repressed by law. Furthermore, even if we suppose the amount of protection afforded by the Corn Laws fairly translated into a fixed duty of 5s. or 10s. or 15s., it is not allowable to argue that English prices must have been this much higher than they would have been under Free Trade. For in the period between 1815 and 1846 there were years in which, from the abundance of the home harvest, the country practically fed itself at prices which would not have allowed of profitable importations of any magnitude. There were years, too, in which, through the failure of the Continental harvests, there was almost no wheat available for shipment to England, and in which the little that did come in would have commanded the same high price, Free Trade or no Free Trade.

These estimates, however, were a fair party retort. For British growers perpetually assumed that in normal times, if deprived of a protective duty of something like 20s. a quarter, they would be smothered beneath a deluge of foreign wheat. It was, therefore, natural for their opponents to reply: “In normal times, when you have this protection, the price of your wheat is pro tanto higher.” If the growers protested, “But in point of quantity England nearly feeds itself, not deriving, even in short years, more than one-twelfth of its supply from abroad,” the Free Traders could, and did, in their turn retort, “This independence is nevertheless purchased at a price, and unnecessarily purchased, when the bounty of foreign lands might be made to flow to

1 Cf. Peel’s speech, February 9, 1842.
Britain in exchange for British goods. You talk of insurance against famine, but do you realise the vastness of the premium?"

What we really want for an impartial estimate of the influence of the Corn Laws on prices is some notion of the range of foreign resources which England actually commanded, and of the degree in which they were capable of extension had there been no restrictions on trade. To understand the position in 1815, we must go back for a moment to the beginning of the century.

Early in 1800 a corn merchant communicated to Parliament the following information concerning the possibility of foreign supplies from the preceding harvest: "The supply will be moderate; the crops in general abroad have not been very productive; and in some parts, where we usually look for supplies, the exportation has lately been prohibited—I mean the Prussian provinces bordering on the Elbe. Our principal source of supply may be looked for this year from the Baltic, and chiefly from Poland; for the produce of the harvest in the Prussian provinces bordering on the Baltic has been unusually bad, and the quality very light and inferior. A considerable quantity may be looked for from Poland, if there is no obstruction to its passage to the shipping ports. . . . The King of Prussia has already prohibited the export of all other grain but wheat; and it is apprehended that prohibition may be extended to wheat, particularly in the event of a further advance in the prices in Great Britain, which might create an alarm in those countries. Some quantity of wheat may also be expected from Russia. . . . The exportation of corn is strictly prohibited from Holland, Flanders and France. . . . The produce of the crop in America last year exceeds that of any year for the last seven years, but is far short of what has been the produce preceding that period; the reason is the devastation caused by the Hessian fly, which has discouraged the growth of wheat."

During the continuance of the war the restraints on import did not come from the side of England. In the worst years the British Government went out of its way to bring in foreign food. In 1795 all neutral ships bound with corn for France were seized and their cargoes purchased; while Government agents bought corn in the Baltic ports. Between September, 1795, and September, 1796, a bounty, varying from 10s. to 20s. per quarter, was offered on imported foreign wheat. In 1800 the bounty was repeated in a different form. Importers were guaranteed the difference between the average price of English wheat in the second week

1 To the Commons' Committee on the Assize and Making of Bread, which reported February 10, 1800.
after importation and a price of 90s. (extended in 1801 to 100s.). But inasmuch as the price continuously exceeded 100s. in both of these years, the measures, while lending confidence to importers, cost the Government nothing. Between 1803 and 1813 importers of foreign grain had to furnish themselves with licences which were issued by the Privy Council. These were either general licences, which covered corn as well as other things, or special licences (issued only from 1809 onwards) for corn only. Objection was raised to them by Francis Horner in 1808. Nobody, he complained, knew on what principles they were issued; the fees paid for them amounted to a tax on imports; it was a serious breach of the Constitution that the Executive should thus take upon itself the levying of taxes.1 But the licences cost very little and were only intended to keep foreign trade under the control of the Admiralty.2

Napoleon, on the other hand, tried to starve England by withholding Continental supplies. When this failed, he reversed his policy and tried to drain England of its bullion by encouraging exports of corn and prohibiting imports of British manufactures. Such exports were also conducted under a licence, which, unlike the English licences, cost a substantial sum, and were reckoned in 1813 to add 10s. to the cost of importing a quarter of wheat.3 By a smuggling trade at high profits, English exporters penetrated the barriers of the Continental system and maintained the balance of trade. In Poland, whence the corn was derived, a great trade in British goods sprang up, warehouses were established and roads were improved. Goods, intended originally for consumption in the southern parts of Europe, were transferred to the Baltic, and the mode of packing was altered to allow of conveyance into the interior in the small carts of the country.4 Free Traders in later years recalled these feats of British industry when they wished to show the improbability of a total cessation of imported food, even in the event of war.

Peace came in 1815. But the Continental countries which were the theatre of war took longer to recover from their prostration than the island kingdom which furnished the money for it. France for a time dropped out as an exporter. Between 1815 and 1828 England derived its foreign supplies (which were only a fraction of the total home consumption) either from America, whence it was shipped in the form of flour, or from the Baltic

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1 Hansard, 1st Series, X., 183.
2 For a list of the licences issued see Appendix to Report of Commons' Committee on Corn, 1813.
3 Lords' Committee on Corn, 1814, p. 112.
4 Ibid. Evidence of Mr. Isaac Solly, p. 77.
countries, the latter being the main source and Dantzig the main port of shipment. Both in America and England the conditions of supply were peculiar. "More than half of America [sc. the U.S.A.] is cultivated by slaves, that is an expensive mode of cultivation; the other part, which does not yield more corn, if so much as suffices for its own consumption, is cultivated by a free peasantry; they raise other productions, though not corn, cheaper than the slaves; it is a singular circumstance that almost all the corn which comes to this country from America is the produce of countries cultivated by slaves."  

In the Baltic countries, too, the conditions of production were very different from those prevailing in England. Whereas in Great Britain one-half of the inhabitants were providers of food and brought to market one-half of their produce, in the Baltic countries the cultivators consumed nine-tenths of their produce on the farms and brought only the remaining one-tenth to market for consumption at home or export abroad. Moreover, Napoleon's industrial and military operations had produced an abnormal position. The production in Europe of Colonial wares, such as sugar, indigo and tobacco, of which Napoleon was deprived by England's command of the sea, caused a diversion of good land from ordinary agriculture and a consequent scarcity of agricultural produce, which was met by the ploughing up of very poor lands. Hence when peace came in 1815, there were a large number of petty accumulations in the hands of growers, and the land temporarily diverted to Colonial produce was restored to the production of grain. The position presaged a severe drop in prices. But agriculture being still in the main Natur-Wirthschaft (the poorer classes living on potatoes and the more prosperous on rye bread), the declension could not reveal itself in the commoner items of agricultural enterprise. It was therefore concentrated on wheat, which the nobles of Poland and Russia grew as a speculative surplus to be sold for what it would fetch on the best foreign market. This, hitherto, had been England. In 1814, for example, England was computed to consume two-thirds of the total corn exports of Poland and to warehouse for a time a part of the remainder; and in return, as we have seen, English manufacturers had the biggest share in the import trade into Poland.  

The price of wheat in Dantzig was regulated by, and moved in sympathy with, the price on Mark Lane. A rise of price, sufficient to open the English ports, was followed by an immediate

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1 Commons' Committee on the Distressed State of Agriculture, 1821. Evidence of Wm. Jacob.
2 Commons' Committee on Corn, 1814. Evidence of Isaac Solly, p. 84.
flow from the Baltic ports of wheat which had been waiting patiently for its only good market. Sufficiently prolonged, low prices in England, instead of being met by a disposal of the produce elsewhere, might quite likely force the Polish nobility to revert to the production of staples such as rye and to retire from foreign production. The position for the moment seems to have been that rare one in which a tax imposed by the importing country would have been paid mainly by the foreigner, enriching the British Treasury without burden to British consumers.

But to British growers this was small comfort. The Pole's dependence on England was to them his chief offence. It is possible that a faint recognition of the Continental situation may have induced the legislators of 1815 to be content with nothing less than a prohibition till scarcity was really acute. But prohibition, instead of lessening the evil, heightened its psychological influence. From 1815 right down to 1828 the thought of the Polish corn piled up in bond and ever piling was a nightmare to the British farmer. Forth it would pour, at the first opportunity, heedless of the price it fetched. From the behaviour of the bonded corn under abnormal conditions it was erroneously inferred that there was a limitless supply growing in Poland which would be offered at the same low price were the trade in corn free. As a contemporary writer observed: "It is this accumulation, not the supply which would regularly reach us were no prohibition in existence, that depresses the agricultural interests." ¹

It is characteristic of a seasonal commodity like wheat, when it is also a staple of subsistence, that it exhibits in the market a high degree of inelasticity. That is to say, a small excess in the supply of corn, compared with the average rate of consumption, is apt to cause a fall in price very much beyond the ratio of the excess. When the small excess comes from a distance, and when its terrors by unfortunate legislation are bulked, its effect is greater still. There was sufficient truth in the farmer's diagnosis to blind him to his greater errors. Nothing could have alleviated his apprehensions short of a pilgrimage to Poland and a prolonged sojourn when he got there.

William Jacob, Comptroller of Corn Returns, made two such journeys on behalf of the Government, visiting, among others, the celebrated German economist von Thünen at his estate in Mecklenburg. In his second report (1828), from which we have already quoted, he expressed the opinion that the extensibility of the foreign supply either immediately or in the calculable future

was very small. "At the present time, had the harvest of 1827 required it, it is doubtful if ten days' consumption of wheat could have been drawn from the whole Continent, even at 100 per cent. advance on the prices of that period."\(^1\) As to the future, he was of opinion that the technique of production, the fertility of the soil and the accumulations of capital in Continental Europe were such that "if a great portion of our necessary supply should be wanted from foreign countries, there is no probability that it could be furnished without such an advance of price as would be enormously heavy."\(^2\) "Estimates," he went on, "have been presented to the public, founded on the supposition that twenty millions (£) might be saved to the public annually by the importation of ten million quarters of corn at forty shillings a quarter less than our English price, which sum has been represented to be extorted from the pockets of the community to gratify the luxury of the landed proprietors and the greedy selfishness of the farmers; though the authors of such estimates must have known, or must have been woefully ignorant if they did not know, that the demand of one-twentieth part of what they reckon upon could not be extracted from the whole Continent without raising the price there as high as, or even higher than, the average price in England."\(^3\)

From 1828 to 1846 England continued to depend on the Continent of Europe for the greatest part of its foreign supplies. During the eleven years 1828 to 1838 the total annual importations of wheat and wheat flour were considerably under one million quarters, and of that quantity more than three-fourths was derived from Germany and the north of Europe. During the four years 1839 to 1842 the importations rose to 2.5 million quarters annually, and a considerable part of these imports were, for the first time, obtained from France, Italy, Canada and the United States. During the three years 1843, 1844 and 1845 the imports again fell to little more than one million quarters, and three-fourths of this import were from Germany and Prussia. In 1846 the Corn Laws were repealed. During the nine years 1846 to 1854 the annual imports rose to the very big figure of nearly five million quarters, and a very considerable part of that supply was derived from France, Italy, Turkey, Egypt and Syria, Canada and the United States.

Is it possible to infer from this that, if repeal had come in

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\(^1\) Second Report (1828) presented to the Lords of the Committee of H.M.'s Privy Council for Trade, respecting the Agriculture and the Trade in Corn in some of the Continental States of Northern Europe, p. 131.
\(^2\) Ibid., p. 98.
\(^3\) Ibid., p. 129.
1828 when the Duke of Wellington's sliding scale was adopted, or in 1838 when the agitation of the Anti-Corn Law League began, the big expansion of imports which followed after 1846 would have followed after either of these earlier dates? Once again, the materials for an exact answer are not available. The case for such a view is that the prospects of a steady foreign trade with England would have materially stimulated the recovery of Continental agriculture and materially hastened the expansion of America. But each country, it must be remembered, had its own independent developments, in which the course of its internal affairs played much the most important part.

Thus it is hard to believe that the American policy of land settlement or the financial chaos which frustrated it in the 'thirties would have been altered or alleviated by freedom of trade with England. It was the adoption of a liberal land policy and the return to healthy finance which enabled America in the late 'forties to appear as a serious factor in the international market for wheat. Our final judgment, therefore, is this: Corn Law Repeal in 1828 would have been an act of faith, hazardous in the light of precedent, but justified by events. Almost as much wheat would have been grown from British soils, and prices would have been considerably steadier at a slightly lower level. The repeal of 1846 removed obstructions just when their retention would have caused them for the first time in Corn Law history to raise materially the price of English bread.

The course of prices between 1846 and 1855 forms an interesting comment on this judgment. By repeal the manufacturers got what they wanted, a greater flow of imports and a steadier foreign market for their own goods. But what they held out to the public and what the agriculturists feared was a material reduction in the price of food, and this did not occur. The quinquennial average of wheat prices (per quarter) in England was as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>£ s. d.</th>
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<tbody>
<tr>
<td>1841–5</td>
<td>2 14 9</td>
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<tr>
<td>1846–50</td>
<td>2 11 10</td>
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<tr>
<td>1851–55</td>
<td>2 16 0</td>
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Whereupon the advocates of Protection declared that the predictions of Cobdenites were falsified and the arguments for repeal were lies. Certainly their predictions were falsified, but none the less their case was good. For prices would have been still higher and still more abrupt in their fluctuations if the Corn Laws had continued in force after 1846. This general proposition can be established in detail. From 1847 to 1852 the home harvests
were very bad, but abroad (including France) they were good. Wheat therefore was imported in large quantities and checked the home rise. Tooke\(^1\) estimates that in September, 1848, when the price advanced to 56s. 10d., it would certainly have reached 73s. under the operations of the old law, and that similar situations would have occurred in subsequent years to the great privation and peril of the country.

The harvests of 1853 and 1855 were bad; that of 1854 was very good. But prices rose the whole time. The reasons why, between 1853 and 1855, prices were higher than in the years immediately preceding were, first, because in 1854 and 1855, unlike 1847 to 1852, the foreign harvest, particularly in France, was bad, so that no cheap foreign wheat was available; and, secondly, because, even when we had a good harvest in 1854, the shortage abroad was so great that British wheat was actually exported to realise the high prices there obtainable. The higher level was maintained and intensified in 1855 by the outbreak of the Crimean War, which obstructed some of the usual sources of supply, especially Russia, and raised freight charges from those sources which remained open.

All that repeal could do, it did. In those years when the home supply was scarce and the foreign supply good, free imports kept down home prices and steadied them by assuring constant access to the widest available market. When both home and foreign supplies were deficient, and when in addition there was war, prices inevitably rose. Free trade in wheat does not create cheap bread; it merely presents an artificial rise in the price of the raw material of bread.

It is one of the ironies of history that during the half-century in which British agriculturists lived in terror of a bogey the bogey did not exist. British farming surmounted the repeal of the Corn Laws on a scale of ascending prices. The more immediate causes of this ascent we have indicated. Remoter influences were the general rise of prices due to the discovery of Californian gold in the 'fifties, and a growing industrial population at home, unaccompanied by any great expansion of population in America, which, in the 'sixties, was prostrated by civil war. Then in the 'seventies the bogey came from a quarter to which men had hardly been trained to look. McCulloch in 1841, with the classical economist's sure instinct for the short run, wrote: "It is needless to take up the reader's time by entering into any lengthened details with respect to the corn trade of the U.S.A. It is abun-

1 *History of Prices*, V., 57.
dantly certain that we need not look to that quarter for any considerable supplies." ¹ But from that quarter in the 'seventies the bogey descended. Its feet were ships of steel, its arms railroads stretching over the prairies, and in its belly was Chicago wheat.

C. R. Fay

¹ Statements Illustrative of the Policy and Probable Consequences of the Proposed Repeat of the Corn Laws (1841), p. 8.
PAST ACHIEVEMENTS AND FUTURE PROSPECTS
OF INTERNATIONAL LABOUR LEGISLATION

Some years after the British Factory Act of 1833 was in force this law became the pattern of similar measures in Prussia, Russia, France and elsewhere. "Being in Paris in the autumn of 1838," writes Leonard Horner, the celebrated factory inspector, "I learned from my friend, M. François Delessert (banker and member of the Chamber of Deputies), that he and others had been watching very attentively the operation of our Factory Act, and had come to the determination to endeavour to obtain legislative protection for the same class of children in France. He put into my hands some documents which abundantly proved that interference on their behalf was as necessary as it had ever been in England."¹ In the same year, 1838 to 1839, the economist Adolphe Blanqui, discussing the difficulties which a legal maximum working day of thirteen hours would cause to a country in competition with another one with a fifteen-hours' day, came to the conclusion that only by international treaties could the danger of such competition be avoided. "Why, indeed, only conclude alliances to kill other nations, why not treaties for the conservation of their life and to render it happier?"² This idea was welcomed by social reformers of different shades, like Dr. Villermé and Alban de Villeneuve, and took shape in different Appeals to the Powers, written by Daniel Le Grand, an Alsatian manufacturer, the first draftsman of international labour treaties (1848). Governments remained deaf to these demands, the more so when the congress of the first working-men's international meeting at Geneva in 1866 asked for a universal eight-hours' day. But after the disasters of the Commune in Paris in 1871, some German economists, like Adolph Wagner, Schoenberg, Thiersch, Rudolph Meyer, returned to the French proposals of Daniel Le Grand of 1848. Their writings in favour of international labour treaties were felt to contain an important

¹ L. Horner: On the Employment of Children in Factories and other Works in the U.K. and in some Foreign Countries, 1840, p. 20.
² Cours d'économie industrielle, 2me ed., 1838–39, p. 119–120.
argument in defence of the Swiss Factory Act of 1877 against a campaign for its abolition on account of its injurious effect upon export industries. Thus Switzerland became a pioneer of international labour legislation. After a failure of the first diplomatic negotiations in 1880, the Swiss Government repeated the attempt in 1888, but withdrew invitations to an international conference when the German Empire had decided to convene such a conference at Berlin in 1890. Owing to lack of sufficient preparation, to the hostility to State intervention into labour matters and to the secret opposition of Prince Bismarck, the Berlin Labour Conference failed to establish international labour treaties; the resolutions of the Conference took the shape of "wishes" not differing greatly from the pia desideria of private congresses. The failure of the Berlin Conference marked the beginning of a strong reaction against labour legislation extending from 1890 to 1900 on the Continent.

But since 1897 a new international movement had arisen in Switzerland, France, Germany, and Italy leading towards a reconciliation between the different political parties which allowed them to meet upon the neutral basis of labour legislation. National sections were formed for this purpose in several countries; their representatives met at Paris at a Congress in 1900 and founded the International Association for Labour Legislation.

The task of this Association, a federation of national sections for labour legislation, was to serve as a bond of union to all friends of State intervention for improving the conditions of employment, to prepare in a scientific way petitions and memorials in order to establish a basis for international treaties, to publish a bulletin containing the current labour legislation of the world, and to give information to Governments and to members of the Association on labour questions. The scientific task was entrusted to a special institution created by the International Association and supported by contributions of national sections as well as by Government grants—the International Labour Office in Basle (May 1st, 1901, to July 15th, 1920).1 The new institution met with a good deal of scepticism and pessimism at its beginning in academic circles and with a benevolent aloofness in the labour world; no amount of booming propaganda would have been able to render the new institution popular, but would have only aroused the suspicions of the official mind. The professional jealousy of an outsider's initiative and the usual lack of funds of semi-official institutions like this were acting as drawbacks to

1 Readers of The Economic Journal will find a description of the initial work of this office in Vol. xiii. (1903), p. 438, of this Journal.
the efficiency of the International Office from the very beginning. Nevertheless, the following achievements must be ascribed to the united activity of the International Labour Office and Special Committees of the International Association for Labour Legislation:—

(1) The Bulletin of the International Office (since 1902 in a French and a German edition, and since 1906 in an English edition) became the basis of information on foreign labour legislation to labour departments, members of Parliament, trade unions, and employers' associations; the Bulletin is not merely a compilation of recent labour legislation, but contains their historical analyses, Parliamentary history, and bibliography. Being the work of only two or three officials, the Office, understaffed for lack of funds, had to submit to the reproach of delays of publication. A similar publication had been already launched by the Belgian Government—the Annuaire de la Législation du Travail—since 1897, but no work in the English language was in existence before the Bulletin.

(2) The second task was the preparation of international labour treaties. The Assemblies of the Committee of the International Association met successively at Basle (1901), Cologne (1902), Basle (1904), Geneva (1906), Lucerne (1908), Lugano (1910), and Zurich (1912), each meeting carrying resolutions with a clause indicating its execution, or establishing sub-committees meeting in the years between two assemblies. Proceeding on the line of least resistance, the question of prohibition of white phosphorus in the match industry, the destruction of necrosis, and the prohibition of industrial night work of women during eleven hours were first selected as fit for international treatment. International inquiries were held for this purpose by the International Labour Office and their results published in two volumes, and upon this basis memorials were drafted and a petition for the convocation of an international conference filed to the Swiss Federal Council. The Swiss Executive first convoked a conference of experts to Berne in 1905 and then a diplomatic conference in 1906, the first drafting the international treaties, the other signing it, with the proviso of ratification by the competent authorities. This machinery some Governments—the British, French, and Swiss particularly—tried to supersede in 1906 by an International Commission. But the proposal only reached the shape of a "recommendation." With regard to the treaties themselves, they were most important as specimens of a new kind of international compulsion. They broke the ice of rigid national
sovereignty; the initiative had been taken by a treaty concluded between France and Italy in 1904 concerning the introduction of factory inspection in Italy, care for Italian children in French factories, and payment of savings on an international basis. For certain Continental States, like Belgium, the prohibition of the night work of women was the beginning of labour legislation for adult persons; for England the white phosphorus treaty was a novelty, to which the United Kingdom adhered in 1908; and this measure of public health was adopted in various ways by all industrial countries with very few exceptions, the United States making, by a federal taxation measure, the dangerous processes in the match manufacture financially impossible.

This success led to further attempts of international treaties; new treaties were to prohibit the night work of male young persons under eighteen years (in most advanced countries already under identical regulation with women) and to introduce a maximum ten-hours' day for women and young persons.

The International Association for Labour Legislation had thus, with all its fragmentary work of a pioneer, been mapping out the subjects which a systematic international co-ordination would have to deal with, when the war broke out. Under the strain of its demands labour legislation was suspended. But very soon the reaction against compulsory labour sets in: medical experts, like Dr. Stanley Kent, proving that overtime and Sunday work do not in the long run relatively increase production; and the trade unions trying not only to restore the former conditions of employment, but to improve upon them. In Germany some concessions were indeed granted by military authorities, who, e.g., were the first to establish minimum wages in trades supplying the Army, while in France the same principle was adopted by Parliament during the war. In Great Britain, the United States, and Italy unrest was felt since 1916 in the trade union world, which the resolutions of the Leeds Conference of the organised working men of the Allied Powers were trying to obviate, asking for the inclusion of international labour clauses in the Peace Treaty. The inter-Allied labour programme was very largely based upon the pre-war resolutions of the International Association for Labour Legislation. The new platform was accepted by the trade union federations of the countries of neutral and Central Powers with some modifications at their meeting at Berne in October, 1917. On June 11th, 1918, the Bureau of the International Association for Labour Legislation filed a petition to the Swiss Federal Council asking for the systematic fulfilment of international labour
legislation within the Peace Treaty. Soon afterwards a book of the present writer, published some months later by the Federal Labour Department of the United States under the title International Labour Legislation and the Society of Nations, tried to explain the sphere of activity to which, after the war, international labour legislation could extend. After the Armistice the Socialist and the Trade Union International met in February, 1919, in Berne and adopted a labour charter, which was presented to the statesmen assembled in Paris. Here the French Section of the International Association and the Chamber of Deputies had already taken the initiative to ask for a labour commission among the preparatory bodies of peace. A draft emanating from the British Ministry of Labour served as a basis to the Paris Commission on Labour. From them Part XIII. of the Treaty of Versailles has taken its origin. With this document the idea of systematic international labour legislation has been officially recognised; it is the Magna Charta for the world of labour, in so far as there is left no doubt that "social justice" is indispensable for the establishment of peace, and that the latter is imperilled by conditions of labour "involving such injustice, hardship, and privation to large numbers of people as to produce unrest," etc. Secondly, the Labour clauses of the Treaty went further with regard to the regulation of hours than ever the Leeds resolutions of 1916; the eight-hours' movement had acquired such an international strength since October, 1918, that it was felt to be ripe for some form of international settlement. Thus the new Labour clauses included "the adoption of an eight-hours' day, or a forty-eight hours' week, as the standard to be aimed at where it has not already been attained," just what the Berne Congress of the second International had asked for early in 1919.

The demands of the Berne charter of labour were thus partly recognised, the policy of the League of Nations including also freedom of combination, the minimum living wage, Sunday rest, the abolition of child labour, the protection of young persons, equal remuneration to both sexes for equal work, equitable treatment of foreign workmen, and enforcement of labour laws by State inspection. This programme embodies the principles of Anglo-American trade unionism; the Americans quite logically exhibited like a trophy the first article of their Clayton Act, by which they had recuperated the legal position of trade unions against the application of anti-trust legislation, "that labour should not be treated merely as a commodity or article of commerce."
The difference between the decisions of Paris and the Berne resolutions lay in the conception of machinery. The Leeds and Berne resolutions of the International Congresses of Labour had claimed for a permanent Commission, in which Governments and trade unions should be equally represented, co-operating with the still existing International Labour Office in Basle, and they thus recognised its neutral and scientific character. But this machinery was now felt not to offer any more a sufficient political outlet by Parliamentary discussion between employers and working men in a time of unrest and discontent. The last International Labour Conferences had met at the request of the Swiss Federal Council only with a seven years' interval. As Mr. G. N. Barnes puts it: "Instead of leaving international action to the chance initiative of some philanthropic State, which, in response to a long campaign against some particular feature of industrial life, issued an invitation to other States (which they could accept on conditions or refuse altogether) to send officials to a conference, there is now a permanent machinery always in action. It is now provided that a conference containing not only representatives of the Governments, but also of employers and trade unions from every country, shall meet at least once in every year."

The permanent organisation thus construed, and somewhat similar to the International Institute of Agriculture in Rome, consists of a general conference of representatives of the States adhering to the League of Nations and an International Labour Office controlled by a Governing Body. The International Labour Office was by the Treaty (Art. 392) to be established at the seat of the League of Nations as part of the organisation of the League. The new International Office, therefore, had to take its seat in Geneva since August, 1920. The rules of representation for the General Labour Conference of Representatives and for the Governing Body of the International Office are: two representatives of Governments, one of the employers, one of the workers; the danger of "national blocks" is checked by the provision that every delegate shall be entitled to vote individually. The General Labour Conference has to determine whether the proposals adopted by them should take the form of recommendations or of draft international conventions for ratification by the member-States. In either case, a majority of two-thirds of the votes cast by the delegates present is required on the final vote, instead of the usual unanimity of diplomatic conferences. And now the question of ratification arises. In the preparatory com-

1 Labour and the Peace Treaty. Issued by the Ministry of Labour, 1920, p. 4.
mission of the Treaty the Belgian, French, and Italian delegates had proposed to give the Labour Conference power to carry, under conditions to be determined, resolutions possessing the force of international law. But this idea of an International Labour Parliament was not agreed to; the Treaty merely obliges members of the Conference to bring the recommendations or drafts of international conventions before the competent authorities for the enactment of such measures, in no case later than eighteen months from the closing of the session of the Conference. No further obligation shall rest upon a member-State if its Parliament refuse to accept a convention or recommendation. If the authorities accept, but fail to secure the effective observance, and if employers' or workers' associations complain to the International Labour Office about such contraventions, the Governing Body communicates these representations to the defaulting State, and may publish the statements of the case. If no satisfactory result is obtained, a Commission of Inquiry will be constituted by the Secretary-General of the League of Nations. The members of the General Labour Conference will then either accept the findings and the proper measures of economic coercion of the Commission of Inquiry, or refer the matter to the Permanent Court of International Justice, the decisions of which shall be final. It is clear that no judgment on the efficiency of the new framework can be given before June, 1921, the last term for ratifications.

The first two meetings of the Annual Labour Conference have now taken place. The first one was invited to Washington in October, 1919, by the Government of the United States, the other one took place at Genoa in June and July, 1920. The Washington Conference was fruitful in adopting six draft conventions: the forty-eight-hours' week was accepted by the first convention; this convention allows a fifty-six-hours' week for industrial processes to be carried on continuously by a succession of shifts. A second draft convention tries to engage member-States to furnish information on unemployment, to establish labour exchanges, and to secure equality of benefits for aliens in States which have established systems of insurance against unemployment. A third draft convention deals with the employment of women before child-birth; a woman shall not be permitted to work during the six weeks after confinement, shall have a right to leave work upon the production of a medical certificate, and shall be paid benefits sufficient for the full and healthy maintenance of woman and child, and be allowed half an hour twice a day during work-
The Washington Conference restated also the Berne convention of 1906 prohibiting the employment of women during the night, and the draft convention of 1913 concerning the prohibition of night work of young persons; raising the age of protection from sixteen to eighteen, as proposed by the International Association, and finally added a draft convention prohibiting the admission of children under the age of fourteen years to mines, manufactures, construction work, and transportation. Recommendations were given principally with regard to social hygiene; thus the prohibition of the use of white phosphorus in the manufacture of matches was repeated from the Berne convention of 1906, besides the findings of the Sub-Committees of the International Association concerning the prevention of anthrax and lead-poisoning, were embodied in two other recommendations. In the same way the equality of treatment with regard to the admission of foreign workers to trade unions, and the establishment of efficient factory inspection and of a public service of social hygiene, were recommended.

The second meeting of the Labour Conference (Genoa, 1920) had been initiated by the French delegates in order to deal with the protection of seamen. Here difficulties arose from the fact that these questions had not been dealt with in previous meetings except by the transport workers themselves, that disinterested specialists are rare, and that in some countries competitive national interests are easily aroused by protective measures. Draft conventions were accepted by the Conference only concerning the age of admission of seamen; the age of fourteen was fixed; the obligation of paying an indemnity in case of unemployment by loss or foundering of any vessel was imposed, and employment agencies working for private profit were abolished in principle. The limitation of hours of work to forty-eight in the week, proposed by the International Labour Office, was lost, the required two-thirds majority having not been reached; the forty-eight-hours' week for the fishing industry and in inland navigation was recommended, without excluding different agreements; Governments were also invited to establish schemes of insurance against unemployment for seamen.¹

While the new international organisation was sitting the International Association for Labour Legislation had convoked its delegates to Basle on July 6th and 7th, 1920. It was felt that, in view of what had taken place, the International Labour Office in Basle had been quietly extinguished; the International

¹ Cf. also Labour Gazette, August, 1920, p. 120.
Association was now to decide whether a new field of activity was open or whether the Association itself should disappear. The British Section of the Association not only insisted on the continuation of its work, but also proposed to declare in the new statutes what were to be the new aims of the Association if deprived of their International Office. The Association would press for the ratification of international conventions and for their enforcement to take effect upon the agenda of the General Labour Conference, and give new suggestions for labour legislation. The next meeting of the Association will take place in Geneva some days before the third meeting of the General Labour Conference (April 4th, 1921) and with the same agenda: the protection of dock and agricultural labour. While entertaining for this purpose the best relations with the new official body, the Association has publicly insisted upon its independent position.

Evidently the co-operation of national sections of the International Association, with all their experience of the heroic age of the movement for international labour legislation, would add an element of representation of ideas to the representation of interests grouped in the new organisation. New and young pioneers of labour legislation will thus find a field for activity and act as a healthy counterpoise against possible reaction in the future. The development which the movement for international labour legislation has taken since the war certainly fully justifies all optimist prophecies. The humble intellectual Cinderella of pre-war times, maltreated by the lords of the heavy industries, without other means of defence but argument, and yet able to produce a compelle intrare for the basic general problems of labour legislation, has been elevated to the rank of international power. In order to maintain this power, a clear perception of the needs of labour is required. Once the general questions have obtained a temporary solution, the unprotected occupations will require the attention of labour legislation. Colonial labour should not be neglected, and the questions of protection to the emigrant workman will be ripe as soon as the United States join the official international organisation. But the whole trend of recent development proves that questions of prices, of wages, of profits, and of education and participation in industrial administration will form the real crux of the future. The complexity of these questions should promote the study of economic science,

1 In England the British Association for Labour Legislation (London, 45, Mecklenburgh Square; President, Professor Sir Thomas Oliver, M.D.; Hon. Sec., Miss Ida Beaver) and in the United States the American Association for Labour Legislation (Gen. Sec., Dr. John B. Andrews, New York) are acting as centres of this activity.
especially among labour leaders; for only through them will reach the masses the conception that there is a code of labour, for all workmen of the world, which may be invoked at any time for the purpose of increasing personal values as well as the standard of the whole class. It is only by such constructive measures that industrial democracy will survive the dangers of industrial monopoly and military dictatorship of all colours, which have been the worst enemies of labour legislation long before the war.

Basle University,

September, 1920.

STEPHAN BAUER
CANCELLATION OF INTER-ALLIED DEBTS

The question of the payment of reparation debts by the Central Powers is not discussed in this paper. Discussion is confined to the question of inter-Allied Governmental debts, America, though only an "associate," being referred to as an Ally for the sake of brevity.

So long as the Allied Governments continued during the war to incur new obligations to one another, the choice between ultimate repayment and cancellation of inter-Allied war debts could only excite academic interest. And even yet the final settlement of Allied debts does not call for the immediate consideration of the Governments concerned, because, for the time being, interest is being allowed to accumulate. But this delay in the payment of interest has only been agreed to for three years, dating from April, 1919, in most cases. After this respite, interest, and probably some form of sinking fund, must be paid, unless an arrangement for the cancellation of war debts is made, or further delay is sanctioned.

At present the great bulk of inter-Allied loans is nominally repayable on demand or at short notice. This is, of course, only a financier's myth, because there is not the remotest possibility of any debtor Government being in a position to meet such a demand; yet the fact that the loans are nominally call loans might admit of the creditor Governments insisting on severe sinking-fund terms.

Inter-Allied war debts are mainly of two kinds; those of Continental Europe to Britain amounting to about £1,500,000,000, and those of Europe, including Britain, to the United States amounting to about £2,000,000,000. There are in addition, inter-Continental debts—for example, the Belgian and Russian debts to France; but such debts as these do not in the aggregate amount to a very great total.

France, Italy and Belgium each owe to the United States debts about equal to those which each owe to Great Britain, while the other European Allies each owe considerably more to Great Britain than to the United States. Lastly, Great Britain herself
owes to the United States a debt equal to about half the sums she is entitled to receive from the Continental Allies.

As the war progressed in violence, and the efforts of each country were increased, it became evident that the efforts of different countries could best be directed into different channels. Britain was not able immediately to mobilise a huge army and put it in the field against the enemy; but, on the other hand, she was able to render other much-needed assistance to her Allies, who could not supply all their vast requirements from their own resources. Consequently, early in the war Great Britain supplied materials to her Allies. The Treasury found it necessary to adopt some system for controlling the magnitude of these supplies: the system of debt creation commended itself as savouring of independence, yet being at the same time capable of control. At the time that these debts were created there was thus a very good reason for their creation, quite apart from the question of their ultimate repayment; and it is more than doubtful how far the final repayment of the sums loaned was really contemplated.

Quite naturally, each Ally, in the same manner as each British Government Department, endeavoured to secure to itself as large a proportion of the available finance as possible, looking upon its own needs with the prejudiced eyes of an interested party. Unless the Treasury exercised the greatest care in cutting the financial cake, there would not have been enough slices to go around. It was essential to strike a balance between munitions and food, between the needs of the British Departments and the needs of the Allies.

British Government Departments had to receive Treasury sanction to all expenditure, particularly to expenditure abroad. It was hardly possible, and certainly incompatible with the dignity of an independent State, for such strict control to be exercised over an Allied country as over a British Department. Consequently, aid to an Allied Government was made by loans, each of which was divided into two parts: the one part, money for purchases specifically approved by the Treasury, the other, money at the free disposal of the borrowing Government. These loans were for fixed monthly amounts, and were revised from time to time when it was seen that they were not of suitable magnitude. In general, these debts bore interest, but not invariably so.

Control was slight at first, because on the one hand the financial pinch was not great and the co-operation between the Allied Governments was still undeveloped, while on the other hand
there did not exist the machinery for the control of supplies to a foreign Power. Thus in the very early days the British Government was faced with one of two courses: either to give money to the Allies, letting them spend it as they thought fit, which, to judge from the scandals about the Russo-Japanese War, would not have been of much benefit in prosecuting the war; or to lend money in the hopes that a loan would be more carefully spent than a gift. It was not long before the Treasury set up a system of control in detail, but they still found the granting of loans preferable to direct subsidies as tending to secure economy.

Then, again, an important consideration in determining that the assistance should be in the form of loans rather than of subsidies was the question of gold reserves. The British Treasury had the utmost difficulty in furnishing the finance necessary for purchasing the munitions and food from America that were essential to the conduct of the war. Not only were American securities purchased or borrowed from the British public and used in order to pay our way in America, but literally hundreds of millions of pounds in gold coin and bullion were shipped to the United States. Considerably more than one hundred millions of this gold was borrowed from our Allies. Continental peoples are even more inclined to bow down and worship the golden calf than are even the august financiers of the City of London; so it was with the utmost difficulty that the Allied Governments were constrained even to lend the gold, which was essential for effecting purchases in the United States before that country entered the war.

One general principle, therefore, for inter-Allied financial relations during the war was that advances from one to another were considered as loans, not as grants. A second general principle was that each Government should bear the whole cost of all the expenses incurred on behalf of their own nationals, military or civilian, no matter where it was incurred. It was only by this means that efficient control and economy could be hoped for. Transport would be more economically managed if the Government whose troops were being transported nominally paid the cost, than if the transportation was nominally free. Munitions and food would not be wasted to such an extent if the Government whose troops used them actually paid for them, as if another Government was responsible for paying. The value of a gun is never so well realised when it is received as a gift as when it is purchased. In the interests of economy it was essential that each consumer should pay for all his consumption.
It is not the object of this paper to describe in detail the method by which the debts were created, but I must emphasise the fact that the creation of these book debts was a satisfactory method of limiting the funds expended, both on internal and on external purchases. Such limitation was indubitably necessary, as otherwise financial resources would have been squandered.

An example of control may be quoted with advantage. On one occasion an Ally entered into a contract for a purchase in India, and then applied for Treasury approval. The Treasury were unable to approve, as they believed that other purchases from India were more urgent, and that the supply in question could have been purchased elsewhere. The Allied Government was, as a result, forced to pay for the supply out of the free part of the advances made by the Treasury. This reduced the amount of free money available for general purposes, and thereby caused an adverse movement in the Allied country's foreign exchanges, because less free money was left for the support of the foreign exchanges, the purpose for which each Ally invariably used as much of its free money as possible. The Treasury were in a stronger position for criticising demands because they could point out that the Allied Government could always, if necessary, make any purchase at the expense of its foreign exchanges, if the purchase seemed of greater importance than the support of the exchanges. Thus the Treasury had a rough and ready criterion of the value attributed by an Ally to a particular requirement. The conduct of the financial side of the war consisted in determining the relative importance of different demands and rationing them in accordance with their importance and within the limits of available money.

Thus the system of inter-Allied debts was an admirable administrative machine. It made each Government feel that the need for economy still existed, though supplies came from abroad; but it was a most unfair system for a permanent settlement of inter-Allied financial relations. There can be no reason other than that of expediency which can be quoted in favour of inter-Allied debts. Justice is outraged by their existence.

A specific example actually encountered by the writer brought home to him with great clearness the anomaly of forcing those countries, which mainly furnished men, to pay tribute to those countries, which mainly furnished the other necessaries of war. The Italian Government purchased 6-in. howitzers and shells from the British Government during the war, paying for them at cost price out of the loans received. These guns were fired
by Italian gunners in support of Italian infantry. After the reverses on the Isonzo it became necessary for the assistance, which Great Britain was already according to Italy, to be greatly increased. Consequently, more guns and shells were sold to the Italian Government than before, payment being made from the credits opened against the Italian debt to Great Britain. Moreover, in addition, complete British batteries of howitzers were sent to Italy to support the Italian troops. In pursuance of a policy of involving Allied Governments in debt for debt's sake in return for assistance rendered, it would have been logically correct for Great Britain to have charged, not only the cost price of these guns and shells to the Italian Government, but also the expenses of keeping both the horses and the men. But, no! On the contrary, not only did Great Britain bear the whole cost of the guns and shells and the keep of the troops, but the Italian Government even charged Great Britain with such part of the keep of the troops, including their railway fares, as was supplied from Italian sources. Where is the logic in this? If England risked the lives of her men in firing the guns, surely she was all the more justified in charging for the shells fired, not to mention the other expenses, than when Italian gunners operated the guns and exposed themselves to the enemy. Having brought the argument thus far, it is but a short step in logical sequence to charge the whole cost of the British Expeditionary Force in Italy to the Italian Government, the cost of the British Expeditionary Force in France to the French Government, and so on. But, as has already been stated, the administrative advantage gained by the creation of inter-Allied debts, which was the justification for their creation, only existed where the Ally was responsible for administering the expenditure; this was the justification of the illogical course of charging for the guns when manned by Italy and not charging for them when manned by England. But it would be preposterous to make a final inter-Allied financial settlement on this basis.

If we revert to the methods of the Middle Ages, and behave in the same way as a company of mercenary troops in respect to a part of the costs of war and charge for the materials of war, why not behave in this way in respect to the whole costs of war and charge for everything? We would undoubtedly lay ourselves open to the charge that we were making a financially sound proposition out of the war; but are we not laying ourselves open to this charge anyway, by pursuing our present policy in regard to the inter-Allied debts due to us?
It is difficult to fathom the attitude of mind current in a nation, which willingly renders the utmost assistance possible, comprising men and munitions, on one part of the war front without expecting or receiving any material recompense in return, yet at the same time, elsewhere on the same front, renders less assistance, in the form of materials alone, but in this case demands pound for pound of the cost of such assistance, even going so far as to charge interest until the debt is paid. One might imagine that the Allied nations delighted in sacrificing the lives of their own men, and were actually prepared to pay for this privilege, inasmuch as they only charged for the costs of war when the lives of their own men were not at stake.

An American may deny that the purchase of wheat by France was an expense of the American Government which should in equity be borne by that Government, but this is nevertheless the case. France had millions of men under arms, which in an isolated world only containing France and the Central Powers would have been impossible, because these millions of men would have starved from lack of food caused by the shortage of labour due to the mobilisation of this vast army. But in the world as it actually is this huge mobilisation of French troops was possible, because America acquiesced in the existence of this vast army and supplied the food and munitions necessary to keep it and France alive. The world was divided into two armed groups. The greater, which was ultimately victorious, was divided into many sections, some of which provided mainly men, others mainly munitions and food. Now that the conflict is over, one section of the group should not attempt to transfer part of the burden of the war already borne by it to another section which has already borne a greater burden. Those sections which have suffered least from the devastation and loss of life entailed by the war should, if anything, bear a correspondingly greater proportion of the financial burden than that borne by those crippled by the loss of many lives. Yet should payment of inter-Allied debts be exacted the very reverse will be the case.

It is true that France would have been defeated by Germany if Great Britain had not entered the war in 1914, and would probably have suffered more than she will actually suffer, even if she is forced to pay her foreign debts. Again, it may be true that Germany would have been victorious if America had not entered the war in 1917. But both Britain and America came to France's assistance because Germany was the aggressor, and they considered that it was of paramount importance that the militarism
of the latter should be overthrown. Neither country entered the war in order to amass foreign credits at France's or any other Ally's expense. Both realised that the war would entail immense sacrifice, but entered it in order to rescue France and Belgium from the hands of Germany; yet now that the war is over they are attempting to shift part of the burden on to their less fortunate Allies.

It would be almost impossible to elaborate a scheme which would distribute the burden of the war equitably among the Allies. But undoubtedly the most unjust way imaginable would be for the present creditors to extort payment of their debts from the present debtors. Arguments can even be adduced to show that there would be some degree of accuracy in the distribution of the war burden if all inter-Allied debts were converted into credits of equal magnitude. Roughly speaking, the debts were incurred by those countries which had the higher proportion of men under shell-fire, and were made in favour of those countries which were doing proportionately less fighting, and which were for this very reason able to supply the other materials requisite to the conduct of war. The examples of France and America bear this out. The former did most fighting and is the biggest debtor, the latter did least fighting and is the biggest creditor. The loss of human life is approximately proportionate to the numbers engaged. And this loss is by far the greatest burden of war.

It is only by death and devastation that the world can mortgage its future in order to prosecute war; for the world as a whole is only the poorer to the extent that it loses productivity. The manufacture of war material, while entailing present sacrifice on the part of the world because the energy absorbed in it might have been used for other purposes, does not cause lasting sacrifice, does not mortgage the future, except in so far as repairs have not been carried out. But the practice of war destroys lives and causes devastation, thus leaving a permanent mark and throwing a burden on the future.

It has been said that an equitable valuation of war burdens would be well-nigh impossible. Yet it might be possible to make one which took account of work done for war purposes, of lives lost and maimed, of devastation, of respective populations and national dividends, of degrees of currency inflation, of payments received for reparation, of the value of mandates under the Treaty of Versailles. But, when all this was done, it would not be fair to open credits in accordance with the findings of the calculation,
because allowance should also be made for the importance of the war to each Ally. The war should in fairness fall more heavily (say) on France than (say) on America, because upon the defeat of Germany depended the existence of France as a nation, while the importance to America of the defeat of Germany was less vital. But, in fact, the burden of the war would be still the heavier upon France, even if debts were cancelled, because France has suffered so very much more from the war, apart from the question of inter-Allied debts.

When all the aspects of the question are taken into account, it will perhaps be the nearest approach to justice if all the debts are cancelled. It is true that France will still remain the greatest sufferer, but then she was the most vitally concerned. On the other hand, if the debts are left to stand as they are at present, the grossest injustice will be perpetuated.

Great Britain should not depend upon the action of the United States in determining her own action. At present Britain would willingly cancel all the debts due to her, provided America did the same. In a sense this is reasonable enough, but surely the action of America cannot turn a wrong into a right. If the debts due to Britain should in fairness be cancelled by Britain, the action of America cannot alter the case. Great Britain should act in this matter upon the principle of justice. She should therefore cancel the debts due to her.

R. Trouton
THE WEATHER AND CYCLICAL FLUCTUATIONS

From time to time various attempts have been made to obtain reasonably accurate forecasts of weather tendencies for long periods in advance. Ordinary forecasts are made from day to day by extrapolation from recorded conditions and tendencies, but even these are not invariably correct, and are, in temperate latitudes at any rate, limited to a very few days at a time. Seasonal forecasting, such as that of the Indian Monsoon, is a further extension of the same principle. Past experience shows some sort of correlation between certain foregoing data and the following seasonal weather, and from these a seasonal forecast can be made with a considerable probable error. When the period desired is measured in years only one resource remains available, and that is periodicity. All attempts to forecast the weather of future years thus reduce to an analysis of a more or less long series of past registers. The most obvious and powerful source of weather conditions is clearly the sun, and, apart from the diurnal rotation of the earth by which the sun is enabled to impose a twenty-four-hour period on the temperature variation, and an important semi-diurnal period on that of atmospheric pressure, the most important period in temperate latitudes is that of the earth's revolution round the sun, which governs the seasons, besides modifying the diurnal variations. The rotation of the sun itself has not hitherto yielded much evidence of variable control, and the only other solar period remaining is that of the sun-spot cycle. It would seem, then, that for long-range forecasting the phase of the sun-spot period must be of far greater importance than any other consideration. It cannot be denied that the tide-raising efficiency of the moon is so much greater than that of the sun that any indirect effect of tides on weather might be expected to vary in sympathy with the longer periods of the moon, and the period of between eighteen and nineteen years, covering the changes of the moon's latitude with respect to the ecliptic, has often been suggested. In this connection a few figures may be interesting: 1841 was a very cold winter at Greenwich; so also were 1860 and 1879; but 1898 was quite warm. On the other hand, 1846, 1857 and 1868 were decidedly warm, while 1879 was the coldest in eighty years.
Investigations over wide areas attribute to years of sun-spot maximum an effect of lower temperature over the world in general, in 1893 in particular, but that year was noted for a specially hot summer in Britain and France. It may be safely said that in our latitude the effect of the sun-spot phase, i.e., the variation in solar radiation, on the weather is not sufficiently direct to enable a reasonable forecast to be made. Lately, in tropical and sub-tropical regions of South America, the effect of rapid short-period changes in solar radiation has been studied, and a possibility of forecasting from these is asserted; but these are short-range forecasts, and do not affect the point we are now discussing.

The question arises: "Does the variation of the solar radiation in the sun-spot cycle have a sufficiently direct effect in the tropics to give assistance to forecasters?" And the answer appears to be that both directly and indirectly this has been used by Dr. Walker in forecasting the Indian Monsoon by his method of partial correlation coefficients, but the coefficients obtained were not large enough to be of great value. Much larger coefficients were found connecting the Monsoon rainfall with some barometric data, but not one of these reaches Sir Napier Shaw's limit of 0.7, which he considers (Computer's Handbook, Section V.) the minimum for practical forecasting.

Bearing these things in mind, it is rather surprising to find in The Economic Journal for 1920 a paper by Sir W. Beveridge on "British Exports and the Barometer," in which he alleges that a period of fifteen and one-third years governs the price of wheat, and that bad harvests and high prices recur at not quite regular intervals of approximately this length. He even ventures a guarded prediction of unseasonable weather, bad harvests, and high prices, with possible famine in one or more of the years 1924, 1925, and 1926. I am not a student of economics, and I do not profess to know what would be, to a wheat-grower, the practical value in 1923 of even a cast-iron certainty that one of the next three years would answer this description. If the date were definitely given as 1924 it might be a simpler problem; but I do not know the solution. My concern is simply with the process by which the prophecy is made possible, with a strong presumption against its validity.

Many of us have from time to time analysed long series of meteorological data, in the fascinating pursuit of periodicity, and the first great difficulty encountered is the choice of time-unit. For such a purpose as crop forecasting, the unit ought apparently
to be a year, and yet the year is a singularly useless period to study in bulk. There is well-marked correlation between low pressure and high rainfall, but this does not show very much from year to year. Taking three-month periods is better, and for monthly periods the agreement is close. In sixty years of Greenwich figures seventy-eight months show mean barometer readings differing from normal by twice the mean residual. Of these, high barometer is associated with low rainfall and vice-versa, except in two months. Of these two months, one July had a small deficiency of rain with low mean barometer, but there were twenty rainy days in the month. The other exception is a November with high mean barometer and high rainfall, but in that instance all the rain fell in the first ten days, after which the barometer rose and remained high with hardly a spot of rain. Thus even the month may be too long for time-unit. Sir W. Beveridge, however, is satisfied to take the year as his unit, so that a year of drowned harvests may be a dry one, and a year of dry summer may be a wet one. Even in the months the same objection may be found, as a single thunderstorm may make a really dry month come out with excess of rainfall.

Let us look further into the figures given. Accepting the barometer data, I have examined those from 1873 to 1904 (India, etc.), and 1873 to 1903 for North America, each being a homogeneous series. I computed the mean residuals, and found fifteen of the first set and twelve of the second, which differ from normal by more than the mean residual. In only seven years do both series stand out. In two of these the residual is of the same sign, both being high in 1888 and both low in 1893. In 1873, 1882 and 1892 the Southern barometer is low and the American high, the reverse being the case in 1885 and 1902. The greatest residuals in the respective series are 1877, high, in Southern area, and 1878, low, in the North American. Assuming that the very small residuals are of no consequence, it is an easy inference that the barometer figures show no evidence of any such period as fifteen and one-third years.

Presumably the total atmospheric pressure over the earth is practically constant, so that an excess in one hemisphere would be compensated in the other; so that the five cases noted are quite plausible. The areas considered are not large enough to supply perfect compensation; so we may assume that the Eurasian figures might have compensated the high residuals in 1888 and 1893. This particular compensation might be expected to prevent the occurrence, except at very long intervals, of such
a phenomenon as a world-wide failure of harvest from meteorological causes; having regard, for instance, to Lockyer’s “Barometric See-saw” (see *Proceedings of Royal Society*, Vol. LXX., and elsewhere).

Curiously enough, the Argentine region, which on this showing would come to the rescue in case of a bad season in India, especially as it is an important source of wheat supply, seems to have been ignored by Sir W. Beveridge.

A practice that I have known to be followed in some periodicity investigations is to obtain an approximate period from one set of data, and to “correct” it by reference to other sets of data which by themselves would give rather different periods, but it must be borne in mind that a period of $x$ years in one place and of $x+2$ years in another cannot be regarded as strong evidence of a period of $x+1$ years in both.

There remains one important consideration. Periodicity as an aid to forecasting depends for its justification on its definiteness and on its accuracy in prediction. It is not enough to derive series of sine-curves from long-continued observations, and make them fit more or less all the known data. An example of this can be found, very pertinent to the present question, in the sun-spot analysis of Professor Kimura. The sun-spot period is known to be irregular, and Professor Kimura analysed the sun-spot numbers from 1750 to 1911 and found a curve which fitted fairly well through that long period. He continued his curve by way of prediction to 1950, but the actual figures disagreed the first year and got worse and worse year by year. Another case, when greater accuracy could be expected, since, after all, very little is really known about sun-spots, is that of what is called the moon’s error. The moon’s motion is modified by the attraction of planets, the want of sphericity of the earth, and so on; but when allowance is made for all known causes the moon’s observed place still goes on differing more and more from the computed place. Professor Brown, the greatest living authority on lunar theory, analysed the observed residuals for 150 years, and yet failed to predict them for the next few years. Considering how many causes, which are so apparently arbitrary as to be commonly called “accidental,” affect the weather and the crops, it does not seem likely that the time has yet come for long-range forecasting to become a practical factor in the regulation of the world’s food supply.

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*Late Hon. Sec. Royal Meteorological Society*

No. 121.—Vol. XXXI.
NOTES ON THE SOCIAL AND ECONOMIC TRANSITION IN JAPAN

The economic development of modern Japan has followed closely the lines of evolution of European nations in their transition from the feudal to the industrial state. Yet we see day by day, as it were, the drama of nineteenth-century England being enacted over again—the passage from status to contract, the decline of domestic industry and the rise of the factory system, the growth of large towns and the migration from country to town, the decline of guild control of crafts, the rise of trade unionism and the refusal of government authority to admit the principle of collective bargaining, reform bill agitations, rice riots, and, with the application of science to industry and life, the growth of a shallow and callous rationalism. With these developments before one's eyes it is difficult to believe that Japan is only half a century removed from mediævalism. It is a curious phenomenon, and one which Japanese frequently explain by saying: "Japan has accomplished in fifty years what it took England three centuries to do." Though these facts make it appear that Japan has leapt from the feudal ages right into the nineteenth century, a consideration of the details of this transition shows how gradual it is and how the history of the past fifty years has followed closely the lines of economic and political evolution of Western nations in their transition from mediævalism to modern times.

In our own history the Elizabethan age marks the parting of the ways and the foundation of a new economy over the ruins of the old feudal order, and the facts and movements of this age form a convenient yet true angle from which to view the evolution of modern Japan. Indeed, the conditions, the economic policy and the national organisation of the Elizabethan age are so strikingly similar to those of the Meiji era (1867-1912) of Japan that a comparison throws in relief much that is vague in both ages, and at least is an aid to the understanding of the measure and significance of Japan's development.

The opening of both ages found each nation surrounded and
even menaced by nations whose feudal order had passed away generations earlier; in the case of Japan by the industrial states of Europe and America, states that had already developed a money economy, commerce, and industries; and, further, had amassed capital enabling them to maintain well-equipped armies of mercenaries quite outmatching the old levies of feudal retainers. The existence of these armies and navies and their evident efficiency had an important bearing on subsequent economic policy and thought, for they were to both the Elizabethans and modern Japan a first demonstration of the existence and importance of a third factor in the production of wealth, namely, capital. In his introduction to the commercial history of the Elizabethan age Dr. Cunningham dwells on this point so well illustrated in Japan’s modern history: “In Western Europe, as early as the fifteenth century, the command of wealth in a readily exchangeable form was of supreme importance with a view to international conflicts. Landed proprietors with their retainers could not hold their own against professional soldiers; the prince who commanded large feudal levies was likely to be worsted by an enemy whose purse enabled him to put well-trained mercenaries in the field. A large territory manned with dependents was no longer such a source of strength."¹ To insist on the importance of money and the power of capital as a third factor in the production of wealth may appear superfluous to Western minds to-day; but it is an idea which slowly and with utmost difficulty took root in Europe, and has hardly yet dawned in the minds of Eastern nations. In Europe, the traditional feudal prejudices against trade and usury and the struggles of a sound banking system to free itself from the stigma of usury are sufficient evidence of the slowness of society to realise the importance of money, and the difficulty of the emergence of capital as a factor in the production of wealth.

¹ This point cannot be emphasised too much in the case of Japan, for an understanding of it would do much to eradicate the illusion that a sudden admiration for Western civilisation induced the nation to a self-conscious attempt to adopt it. When Western warships appeared off and bombarded the coasts of Japan before the wondering eyes of levies of feudal retainers the feudal military pride of the clans received such a rude shock that they quickly saw that the only way to beat these “red-haired barbarians” was with their own weapons. Only later did the idea dawn that these powerful war machines were based on money expenditure, and to get money commerce and industry are necessary, and these latter cannot be developed without skill and technical knowledge. And thus arose the necessity for planting Western technical education on Japanese soil, and with this educational system came some knowledge of European culture and ideals. Naturally they tackled these problems with that fixed feudal prejudice against peoples whose life, especially whose military organisation, is based on money and not service.
Such prejudices and difficulties Japan had to overcome fifty years ago, and it is to this awakening to the idea of money and the necessity of a money economy which Dr. Cunningham notes as the basis of Elizabethan policy that we must turn for explanation of Japan’s circumstances.

The economic task, therefore, that presented itself to the Meiji (1867–1912) generation of Japan was the building up of a money economy, and the amassing of capital, primarily, to place her army and navy on a money basis rivalling in efficiency those mercenary forces that had menaced her feudal existence. Thus there was developed in Japan an economic policy, not only administered, but initiated, by a strong national Government whose careful attention to detail and watchfulness over the country’s resources has its counterpart in England in that studied, vigilant economic policy associated with the name of Burleigh. The aims and motives of Burleigh provide an elucidation of Japan’s economic policy.

Of the elements of Elizabethan government, it is the predominant position of the Council, not merely as legislator and administrator, but as the initiator of commercial policy and enterprise that is most instructive as elucidating the nature of Japan’s government to-day. Though Japan has a Constitution ostensibly based on modern Western models, the Diet has little power and little important influence on the nation’s affairs.¹ The predominant position of the Council, as of the “Government” of Japan, rested not so much on bureaucratic power, but rather on the fact that it was the symbol of national as opposed to feudal government, and the reverences for its many ordinances were those of a people who for the first time in their history were

¹ The extent of constitutionalism in Japan may be understood from the following facts:

- The electorate numbers 3,000,000 (population 60,000,000).
- The Ministers of Army and Navy retain office through a change of “Government.”
- The “Government” may make disbursements out of revenue without the consent of the Diet, under the head of sekinin shishitsu, “responsibility disbursements.”

At the recent general election (May) the Tokyo journal Hochi drew attention to the custom prevailing in some electoral districts of the police canvassing on behalf of the “Government” candidates. The Journal was not so severe on the police for using their good offices in favour of the “Government” party, but complained bitterly that in some districts canvassers for the Opposition had been imprisoned.

A constitutional question arose at the same election when two prefectural governors were elected to the Diet. The “Government” decided they should be allowed to take their seats.

The Tokyo Asahi in a recent leader criticised “the War Office’s Foreign Policy.”
beginning to feel a nation, merging their clan spirit and their spirit of feudal allegiance into one great idea of nationalism. This type of government is frequently described as bureaucracy, but the term hardly explains the peculiar and less patent nature of the Elizabethan Council, or first National Government of Japan. The sanction of authority rests on something quite different—on the confidence felt in the protection of a strong Central Government by peoples having their first experience of nationhood.

The new National Government of modern Japan threw the full weight of its authority into the development of a carefully designed commercial policy. In his development of new industries, mineral resources, ordnance, in the importation of foreign capital and skill, his currency reforms and the close investigation of every new patent and project, Burleigh held a watching brief for the development of every possible national resource, which, for its close association of the Government with business and commercial policy, has its counterpart in modern Japan. The significance of this association cannot be emphasised too much. The Queen herself wrote pamphlets on currency depreciation in her own hand, and in both ages this peculiar association of the Government with business policy was due to the sudden comprehension of a new factor and power in the destiny of the nation—money.

With the advent of money and Western capitalism in Japan the country was given its first opportunity to place its feudal levies on a money basis with modern armaments, and in doing so it enjoyed an advantage which the Elizabethans did not, in the existence of a well-organised international armament traffic. British and European armament syndicates found here a new and promising market for their wares, and these, together with the aid of foreign military and naval instructors, played an important part in the rapid conversion of Japan’s feudal levies into a modern army based on money supplies.1 The supply of ordnance was one of the first problems Burleigh had to solve, and his difficulties in this connection were increased by the loss of Calais, which had always given England access to Continental mineral resources. As an island Power in juxtaposition to a continent of vast mineral resources Japan’s position is

1 “The most fashionable firms, Krupp, Creusot, Vickers, Armstrong, etc., sell very largely to foreign Governments. The directors form syndicates and enter into agreements for exploiting virgin markets.”—(F. W. Hirst.) Their achievements in exploiting Eastern markets is very similar to that accomplished by gunpowder for the Revival of Learning in Europe.
analogous, and from the importance of Calais to the Elizabethans may be realised the importance to Japan of points on the China coast, such as Port Arthur and Tsingtao, and what lines her motives and policy toward this continent must take.

In developing the industries of the country Burleigh imported freely foreign skill, capital, and patents, and, like modern Japan, was not slow to see how these things could be utilised to the best advantage of the country. Japan's method in this respect is to watch new industrial developments in the West, and the inventions or processes being in a fairly advanced stage, to buy up patents, mechanics, and experts, and reproduce the model on Japanese soil. Thus six months after its production in the West the model may be reproduced in Japan. The patents and skill having been purchased, it is not difficult to find the capital, since the foreign owners of the patent may usually be counted on for considerable investment, thus securing the initial success of the reproduction on Japanese soil. A great problem that Burleigh had to face was the concentration of the foreign trade of the country into the hands of his own nationals, and ridding the country of the Hanse merchants. In the early years of Meiji (1867–1912) the whole of Japan's foreign trade was in the hands of foreign resident merchants. On the other hand, their position was never so strong as that of the Hanse. They have never enjoyed discriminating favours from the reigning monarch of Japan in the way of free imports; on the contrary, every possible discrimination has been exercised against them. The Hanse must have owed a good deal of their prestige and strength to the fact that in their commercial treaties and official dealings they negotiated direct with governmental authorities and not through consular and diplomatic bodies. The following figures of goods carried to and from Japan in foreign and Japanese bottoms gives some idea of the extent to which the foreign trade of the country is passing into native hands:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1905</td>
<td>Y301,814,964</td>
<td>Y63,025,075</td>
</tr>
<tr>
<td>1918</td>
<td>Y3,542,006,015</td>
<td>Y3,110,820,197</td>
</tr>
</tbody>
</table>

One Yen = 2s. 0.582d.

On the abolition of feudalism, and in her first attempts to establish a monetary and banking system, Japan's early financial difficulties were identical with those of the Elizabethans. In feudal times the nucleus of a banking system had always been present, not in goldsmiths as in Europe, but in a class of pawn-brokers and exchange dealers whose functions were dealing in
exchange of the currencies of the various daimyates, and making loans to samurai against their future rice allowances. Though each daimyate had its own subsidiary currency, there circulated throughout the whole country a gold coin, koban, exchanging with silver in the ratio 7:1. The appearance of the white man on Japanese soil synchronised with the disappearance of this low-priced gold, and the Japanese do not easily forget this early drain of their gold reserve. It handicapped them severely in their first commercial relations with monetised nations, and it is partly due to this and to prevent further gold drain from excess imports that an import tariff on some 650 articles has been maintained. This first experience with nations on a money economy gave the country its first valuable education in money, and how the Elizabethans profited by a similar experience is shown in the work of Sir Thomas Gresham, whom it induced to formulate wisdom on the matter that is still embodied in our text-books on currency. The late war helped Japan to retrieve her position, as the following figures show:

<table>
<thead>
<tr>
<th>Year</th>
<th>Excess exports of gold and silver bullion</th>
<th>Excess imports of gold and silver bullion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911</td>
<td>18,230,018</td>
<td>—</td>
</tr>
<tr>
<td>1912</td>
<td>16,780,802</td>
<td>—</td>
</tr>
<tr>
<td>1913</td>
<td>26,071,995</td>
<td>—</td>
</tr>
<tr>
<td>1914</td>
<td>20,542,854</td>
<td>—</td>
</tr>
<tr>
<td>1915</td>
<td>20,269,506</td>
<td>—</td>
</tr>
<tr>
<td>1916</td>
<td>—</td>
<td>72,950,483</td>
</tr>
<tr>
<td>1917</td>
<td>—</td>
<td>238,488,627</td>
</tr>
<tr>
<td>1918</td>
<td>—</td>
<td>4,078,448</td>
</tr>
<tr>
<td>1919 (Jan.—Aug.)</td>
<td>—</td>
<td>78,897,090</td>
</tr>
</tbody>
</table>

Once the early currency difficulties were surmounted, the banking system of the country was entirely reorganised on Western models. The American national banks were taken as the first models and the regulations of these banks entirely adopted. In 1883, however, an Act took away the issuing privilege of the national banks, confining it solely to the newly-created Bank of Japan.

In grafting certain features of nineteenth-century Europe on to her post-feudal organisation, Japan enjoyed a certain "unearned increment" by coming late in time, and adopting the perfected mechanism, patents and processes she found ready at hand in the industrialised West. Her population, 30 million in 1867, is to-day 60 million, a contrast with the three or four million of Tudor England, and a fact which shows the necessity of the speedy
adoption of capitalism and Western industrial methods. How rapid her expansion has been may be seen from the following figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>National Revenue (in Yen)</th>
<th>Foreign Trade (Imports and Exports)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875</td>
<td>69</td>
<td>1905</td>
</tr>
<tr>
<td>1905</td>
<td>535</td>
<td>810</td>
</tr>
<tr>
<td>1913</td>
<td>721</td>
<td>1913</td>
</tr>
<tr>
<td>1919</td>
<td>1064</td>
<td>1361</td>
</tr>
</tbody>
</table>

In the cotton industry, one of Japan's most formidable enterprises, the following figures illustrate the comparative growth:

**Average Annual Consumption of Raw Cotton (1914–16).**

<table>
<thead>
<tr>
<th>Country</th>
<th>Consumption (lbs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>830,000,000 lbs.</td>
</tr>
<tr>
<td>England</td>
<td>1,854,000,000 lbs.</td>
</tr>
</tbody>
</table>

These amounts of raw cotton were consumed by:

<table>
<thead>
<tr>
<th>Country</th>
<th>Spindles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>2,747,778 spindles</td>
</tr>
<tr>
<td>England</td>
<td>150,000,000 spindles</td>
</tr>
</tbody>
</table>

These are the average number of spindles worked in each country for the years 1914–16 inclusive. Japanese spindles worked an average of twenty hours a day.

In all these developments the country has enjoyed a great advantage by developing late in time. For, in laying down plant and machinery for new industries and adopting new processes, it has been able to utilise the last-improved ideas and machinery of the West, particularly of the United States, and thus it had no traditions nor heavy investments of fixed capital to handicap it, as, for example, is the case with some industries in Europe and America where expensive plant and machinery was laid down years ago, and the industries are bound to remain in their conservative position because not sufficient is written off annually for improvements and the exploitation of new ideas. The country has not had to go through that long apprenticeship of patient trial, research and experiment by which the industry of the West was built up; it has had merely to pluck the ripened fruit.

The figures quoted above take no account of the numerous minor industries in the country engaged in the production of such exotic products as pianolas, pianos, violins, etc., nor of the innumerable minor enterprises in which directly or indirectly the Government interests itself with meticulous solicitude, such as fox-farming, horse-breeding, sheep-rearing, artificial breeding of salmon, model factories for the teaching of scientific management,
to the rearing of frogs for food. No idea appears too small for
development, and for such care in utilising and developing every
iota of technical knowledge there is hardly a precedent in our
own Government's history, save perhaps in the national policy
of the country under Burleigh. Added to this, the hedging
around and protection of industry by means of tariffs, subsidies,
navigation Acts, and various anti-foreign discriminations, there
has developed to-day in Japan that system of national economy
against which Adam Smith in his day directed his attack—
mercantilism.

Much criticism has been directed against Japan's mercan-
tilism, yet it is no more than the line of policy each nation of
Europe has taken when the various municipal and feudal units
were first merging and beginning to develop national conscious-
ness, and the nation's historical evolution is a modern testimony
to the truth of Schmoller's characterisation of the mercantile
system: "The essence of the system lies, not in some doctrine of
money or the balance of trade, not in tariff barriers, protective
duties, or navigation laws, but in something far greater, viz., in
the total transformation of society and its organisation, as well
as of the State and its institutions, in the replacing of a local
territorial economic policy by that of the national State." This
transformation dates, in the case of Japan, from 1867, when
Meiji Tenno was restored to the throne as Emperor, and four
years later the feudal clans were dissolved, and land registers
handed in to the new National Government.

Thus mercantilism did its work in welding a new national
unity and developing the natural resources of the country after
the various daimyos had surrendered their fiefs. It was, as
Schmoller describes it, "in its kernel, state-making." Now that
the state is made it would be difficult to deny that there have
grown up some of those abuses of mercantilism which Adam
Smith attacked in his day and which provide a modern illustration
of the immortal wisdom of his teaching. An import tariff
on some 650 articles yielded, in 1918, £3,500,000, compared with
a yield in England from tobacco alone of £33,000,000 (1917-18).
The constant menace of gold drain from excess imports is the
reason put forth for this tariff wall. But one might well ask if
there is really an excess of imports and whether it is not just
the system of subsidy and subvention that is keeping low the
value of exports while their volume is increasing, and whether
the average excess of import values throughout the year is not
approximately the amount paid away in subsidising exports.
This might well be the case with the Japanese, who try their hand at the production of every conceivable article of Western consumption, producing a wide variety of articles for export which they can only hope to sell in competition with foreign wares by the methods of subsidy and undercutting. Rather than increase the volume of their exports or their variety, could they make a given volume and range of exports yield a higher price, it might go far to driving away the bogey of gold drain. Such prices could only be obtained by the production of sounder and more efficient goods that could take their stand by foreign goods in open competition, but so long as industries are under the umbrage of subsidies there is no inducement for manufacturers to take this line of policy. These endowments offer too quick and certain returns. Japanese retailed silk goods, for example, are cheaper in London than in Tokyo. It might be expected that Japan's "invisible" exports in the way of shipping earnings might contribute toward the reduction of her excess imports, but here, again, amounts that might aid toward this reduction are largely cancelled by amounts that have been previously paid away in rebates, secret or otherwise, or subsidies.¹

An analogy of modern Japan with Elizabethan England can do no more than indicate the lines of transition the country's economic life took on the downfall of feudalism, and takes no note of those deeper traits that differentiate an Eastern from a Western nation. But that there should be close analogy is not remarkable if one remembers that, when this hermit nation first opened its doors to foreign intercourse, there were found in existence on its soil all those feudal institutions thought to be peculiar to European feudalism.² In the existence of the family system in Japan and in Shinto, the form of national faith, we see two institutions which make a differentiating mark on the social and political institutions of the country. Shinto, postulating as it does the divinity of the Emperor, developed national patriotism to a point of religious fervour, and is something quite different from our Tudor nationalism.

¹ The first Subsidy Act, 1896, provided a subsidy of 25 sen (6d.) per ton gross for every 1,000 miles of service by steamers in foreign trade, provided they had a minimum tonnage of 1,000 gross and a speed of 10 knots. In 1910 the tonnage and speed qualifications were raised to 3,000 tons and 12 knots, and the subsidy to 50 sen (1s.).

² "Notes on Land Tenure and Local Institutions in Old Japan," by D. B. Simmons. Transactions of the Asiatic Society of Japan, Tokyo.Sir William Ashley writes of these notes, "One gets up from the reading of these notes with a quite uncanny feeling... We were not prepared to find that in most essential points medieval society in Japan was the exact counterpart of that of Europe It is as startling as if we had come on our doubles."—(Surveys.)
Thus it is not difficult to visualise the drama that is slowly working itself out, a drama in which the clash of motives is provided by the sudden impact of medieval custom, mind and state with nineteenth-century industrialism and social philosophy. One watches, for example, the old patriarchal relations between employer and employed survive stubbornly under the capitalised factory system of to-day. So much so that some social thinkers in Japan see in the perpetuation of this "beautiful sentiment" between capital and labour—a sentiment they cannot find in the West—Japan's own peculiar solution to the labour question.¹ But slowly it is realised that sentiment, however beautiful, is frequently capricious, and that contract being dependable has much to be said for it, at least as a means of regulating economic affairs. One watches, too, what short work the ideas of contract and money make of ancient custom and usage, bringing about a degeneration of loyalty in service and change of occupations, frequently without that efficiency of labour which they have developed in the West. At no time was this more evident than in the years 1914-19, when money poured into the country. It produced unprecedented labour unrest, to some extent encouraged by the achievements of similar unrest in the West. Yet with the difference that in Japan it is not the deliberate unrest of a people accustomed to contract and collective bargaining. To realise its significance one must think of it as the unrest of a people for whom only a generation ago occupations were fixed and hereditary, mobility from place to place difficult, a people who are feeling the first glow of freedom which money payments and the voluntary contracting of their labour can give. The chief danger of such movements in Japan is that they take their

¹ Baron Goto, for example, when interrogated by an American as to how this beautiful patriarchal relation between employer and employed can exist in Japan, replied, "The phenomenon you have noticed is due to the peculiar nature of the Japanese people. In the West the strongest factor in government is reason, logic, and ideas. But here the strongest thing is the heart, if I may call it that—that is to say, sentiment."

Baron Shibusawa, the greatest capitalist of Japan, in a book, "A Hundred Talks," writes: "The relation existing in the past between capitalists and labourers was a relation of feeling and affection. To provide a law and establish this relation on the basis of rights and duties would have the effect of creating distance between them. . . . The hope of social harmony, of a good relation between capitalists and labourers, is to be grounded on the realisation of 'good customs and beautiful sentiments.' . . . If labourers and capitalists alike followed the 'royal path' and looked upon it as a rule of human conduct industrial differences and law suits would be avoided. This bond is superior to a hundred statutes and a thousand laws. The true bond is that of sympathy, and the notion of rights and duties can have no other effect than to separate capitalists and labourers."
inspiration from similar movements in the West, while labour in Japan is far behind Western labour in efficiency. It was precisely to meet such a contingency that the Elizabethan Statute of Artificers and Wage Assessments was intended.

TREVOR JOHNES

GOVERNMENT COMMERCIAL COLLEGE,
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REVIEWS

A Constitution for the Socialist Commonwealth of Great Britain.

Among literary Utopias the Socialist Constitution of das Ehepaar Webb stands out with something of the gaunt but imposing efficiency of a modern railway station in some fantastic Eastern city. Here is a book with which some will disagree, but of which none can say that it is the product of hasty thought, or of inexperience of affairs, or of an inadequate sense of historical development. By patient study of what has been and what is the unwearied authors have fully earned the right to indulge in visions of what shall be: and their picture of the commonwealth of the future, though not, we hope, the last in time, must be regarded as in some sense the crown and consummation of all their labours.

It would be idle to pretend that this is an easy book to read. To thread one's way through its avenues of machinery has the same kind of numbing effect on the intelligence as a tramp round a factory. You see that travelling crane, clanking along overhead? That is a Control Committee going its rounds, armed with its weapons of Measurement and Publicity. You are intrigued by that circular saw, revolving at incredible speed? That is a Vocational Association improving its technique. You are deafened by the whir of that piece of cross-beltting? It is only the Joint Financial Committee of the Social and Political Parliaments, allocating Grants-in-aid. One drinks it all in eagerly, only to find later with shame that the mind has failed to grip, and that what felt like intelligent conviction was only an awed but unreceptive acquiescence.

Yet all such weakness has been foreseen by the authors, and chidden with a gentle reproof whose justice can hardly be gainsaid. "Those impatient democrats ... who petulantly demand, at the same time, the elaborations and refinements of civilisation and the anarchy and simplicity of the primitive age, cannot in the nature of things ever be gratified. ... The price of liberty ... is the complication of a highly differentiated and
systematically co-ordinated social order." Nor can we dispute that it ill becomes the stalwarts of Capitalism, with its potent specialisations and its labyrinthine interweaving of interests, to preach the gospel of simplicity.

It would not be fitting to offer to conduct the readers of this Journal all over the vast integrated establishment of Webb and Webb; for its products are as various as the activities of man, ranging from international treaties to sewage, from household requisites to a Central Index Register. It is not for the mere economist to pass judgment on its improved sun-and-planet engine—a court purged of snobbishness revolving around a Ceremonial Monarch—or on that delicate piece of new mechanism, the Standing Committee on Common Amenity and Public Beauty. Even the more purely economic departments must be hurriedly traversed. We must confine ourselves, in short, to asking what answer the authors give to a few of the main questions which are bound to be put to all reconstructors of the framework of society.

First, then, what is the attitude of Mr. and Mrs. Webb towards the now fashionable Sally Beauchamp doctrine of representation—the doctrine that each individual elector is a bundle of separate wills, which must find separate representation if democracy is to be made a living thing? To some extent they endorse it. The ordinary man, it appears, is a crowd of at least four persons—Producer, Consumer, First Citizen (requiring Defence and Justice), and Second Citizen (with views on Social Policy). In these days of psycho-analysis our authors may well be astonished at their own moderation. They are moderate, too, in the practical inferences which they draw from their analysis. They are content with two Parliaments—one social and one political; while granting a large share to Associations of Producers in the management of their several industries, they see no use for a separate National Assembly of Vocational Representatives; and for purposes of local government they permit us to fuse the Two Citizens again with one another and with the Consumer. They thus avoid on the whole successfully the pitfalls which beset the extreme Sally Beauchamp theorists—the danger of removing from the elector all responsibility for co-ordinating his own conflicting desires and opinions, of relieving the strain of decision for the individual only to accentuate it for the community, rather as Einstein is accused (is he not?) of banishing gravitation from a local field only to pile it up with ever-increasing intensity at the end of the universe. Our authors' plans for the
ultimate co-ordination of national purposes, if not fanatic-proof, are at least carefully and indeed meticulously laid.

Next, how far in the new commonwealth is the individual to be free to spend both his life and his income as he chooses? Or on what alternative to individual choice and decision are we to rely for the due allocation of the national resources, both of men and capital, between different employments? Here the authors are on the whole conservative. First, they preserve the machinery of price; there may, they think, be an extension of Communism in certain directions, but in the main, unless the community decides otherwise of set purpose, each industry must be allowed to charge such prices as both to cover its own costs and make a fair contribution towards communal expenses. Secondly, the doctrine of economic rent is conscientiously brandished—no particular group either of producers or of consumers is to be allowed to exploit differential advantages in production; though now and again the authors’ grasp on this principle seems to slacken, as when we find that during the transition the compensation of expropriated owners is to be effected out of general taxation and to be in no way a charge on the particular industry transferred to public ownership—an arrangement surely unduly favourable (e.g.) to railway transport as compared with coal-mining. Thirdly, the mobility of labour between different employments and establishments is to be promoted by variations in the “net advantages” or even in the wages offered—a sensible enough provision, but perhaps scarcely a great advance, from the standpoint of abstract justice, on the practice of Capitalism. Fourthly, there is to be a great variety in the types of industrial organisation, and competition between them is not to be excluded. Only a few leading industries will be subjected to old-fashioned nationalisation; the main field will be covered by Local Authorities of varying sizes—composed, that is, of varying numbers of the Wards which are to be the cells of local government—and by Co-operative Associations of Consumers. There is to be room for properly safeguarded experiments by self-governing establishments—even for independent craftsmen, agriculturists and professional men, selling their products and services direct to the market. There will even, for a long time to come, be vestiges of private capitalism. Here, again, common sense prevails, though the authors do not seem to us as explicit as they evidently imagine themselves to be on what is and what is not to be branded as private ownership of the means of production. Fifthly, Mr. and Mrs. Webb repose a faith as profound as that of
Frederick Taylor in the white light of science—of “incessant statistics” and “streams of reports”—as the supreme guide to policy, and the supreme test of whether or not economic welfare is being maximised.

Finally, what provision is to be made for industrial progress and the needs of future generations? Up to a point the answer is clear. Each industry will be expected to budget for its own annual extensions; the authors emphasise justly that capital improvement does not necessarily, even now, involve borrowing at interest, and face frankly the compulsory abstinence—the loading of prices above cost of production, which the suggested procedure will necessitate. As to the exploration of new wants and the development of new services, it would not seem that we can rely much on those independent practitioners, since they are not to be allowed to own more elaborate instruments than they can operate unaided. But it “may well be the case” that the public authority will make advances from public funds to new and expanding industries. For this purpose it will have at its disposal, among other things, the bank balances of individuals and the funds of insurance societies, which it will borrow and on which it will even perhaps pay interest. The authors appear to place implicit confidence in the capacity of the public authority for appraising new ideas and for judging and bearing risks; and they dismiss the problem of population in a footnote.

We have been able to notice only some of the features of this closely-packed work, and those not in every case the features in which the authors themselves display most interest. So absorbed are they in the apparatus of government that they deal almost by way of afterthought, and in a concluding chapter nominally devoted to the period of transition, with some of the fundamental problems of socialisation. That chapter contains also an admirable plea for restraint and decent manners during the inevitable strain of transition. There is nothing better in the book than the authors’ persuasive suggestion that the vast disparity in income between the leaders of business and the leaders of science or public administration is largely a matter of custom and convention which a decent professional pride on the part of the business world would not wish to see perpetuated.

Thus this notable book ends, on a note of triumphant hope tempered by studious moderation. It is easy and perhaps pardonable to indulge in a smile at its mechanistic and sesquipedalian terminology. It would be easy, too, to deprecate occasional extravagances of phrasing, as when allusion is made to “the
invincible ignorance’ of the upholders of the Capitalist System,”
or when an honest and effective enforcement of the policy of the
“National Minimum” is said to have been thwarted by “the
intellectual sabotage of the administrators.” But our dominant
feeling must surely be one of respect and gratitude towards this
pair of business-like Crusaders, who have laboured so long and on
the whole so fruitfully both to bring us within striking distance of
Jerusalem, and to hand the city over to us undesecrated by
violence and civil strife.

D. H. Robertson

Der Bolschewismus, Voraussetzungen, Geschichte, Theorie,
zugleich eine Untersuchung seines Verhältnisses zum
Marxismus. WILHELM MAUTNER, Doctor der Staatswissen-
schaften [Tübingen]. (Berlin, etc.: Kohlhammer. 1920.)
Pp. xxii + 368.

It might seem too soon to write a book on Bolshevism. But
the present book is not so much a general discussion of the thing
itself as of the question whether Marx would have approved of
it. Are the principles of Lenin and Trotsky those of Marx and
Engels? The question is of subordinate interest to most English-
men; but on the Continent there is already a tradition of the
Fathers. Dr. Mautner thinks the Bolshevist leaders wrong in
claiming the authority of Marx. It is curious to find them
appealing to any authority at all.

For his proof, the author relies, not only on the famous
Communist Manifesto (1847–48) and Capital (1867–85–94), but
on documents recently printed, like the Correspondence of Marx
and Engels, 1844–83, published 1913, and Engels’ Principles of
Communism, published 1914 (Mautner, 366–7).1 The new evi-
dence strengthens a case already sufficiently clear.

The Manifesto was “Communistic,” not, as we might have
expected, “Socialistic,” because the latter term was associated
with the Utopias of Proudhon and the bourgeoisie, to say nothing
of Lassalle’s Social Democracy (124–5, cf. 194–5). The party was
not committed to an equal division of goods. Nor does the
proletariat, to whom the Manifesto is addressed, consist of the
most abject unskilled labourers; it is enough if they are wage-
earners without capital. Such qualifications may be fairly held
to leave the main doctrine untouched. The differences between
the early and the late teachings of Marx seem rightly regarded
by our author as no more than are usual between youth and age.

1 See Economic Journal 1895, p. 492.

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The essential belief remains that society is to be saved by the proletariat (218). So far Marx and Lenin are at one. How much farther does the agreement extend?

To answer the question, Dr. Mautner takes Lenin and Trotsky as the leaders of Bolshevism, and, besides drawing freely on their other works joint or separate, submits to a long drastic review Lenin’s book of 1917, the full title of which he gives as: *State and Revolution: The Marxian Doctrine of the State, and Problems of the Proletariat and the Revolution* (127 seq.).

The first bone of contention is the State. Lenin makes much of the words of Engels (Preface to 1890 edition of the *Manifesto*): “Nowadays we may call ourselves Social Democrats, unsuitable as the term is for a party whose economic programme is not only Socialistic, but Communistic, and whose political chief end is victory over the whole State and therefore over Democracy itself” (Mautner, 124–5). There is to be no more State. This, says Lenin, means that when the proletariat have killed the present State, the State as such is, *ipso facto*, put to death, the proletarian successor being only a “half-State” and vanishing of itself when its work is done (131, 161, 202). Lenin improves on his text by adding that all previous revolutions have only perfected the machine of State; we must now break it up and destroy it utterly (132–3, 173). We shall have the skilled officials of the bureaucracy to work for the people, as once for the State. We must have representative bodies. But we must have no political democracy and no Parliament (135, 138). We must have a Government by the working classes whether they are the majority or not, and all under arms (136–142, 179, 250). The power must be central, not federative (136, 138, 198). There must not only be, as Marx said, a dictatorship of the proletariat, but a dictatorship of its leaders, even, if need be, of a single leader, for the public good (139, 237).

Marx and Engels, on Dr. Mautner’s own showing, had certainly dropped seeds from which this grain might grow (see, e.g., 145, 147). But they are far from Lenin and Trotsky. The diatribes of the two Germans against the State were against the State as they thought it had always been, namely, an instrument for the suppression of one class by another (149). The State of the proletariat is not this kind of State except at first, to put down the oppressor (153). It remains endowed with the other functions by which the present State serves the community, and of which even Lenin avails himself. Whether this form of State, too, will “die off” of itself remains to be seen.
It shows no signs of it in Russia, where the governing power remains, and remains centralised. Lenin may profess to cherish the old eighteenth-century idea of a "simple form of society without government." The coming of peace will test his willingness to realise it. At present he rules by force. He ridiculed the Anarchists for disclaiming all authority when they were meaning all the time to carry out a revolution by force, "surely the most emphatic kind of authority in the world" (136).

The characteristic features of Bolshevism, as laid down in Lenin's book, include government by terror, which Marx had condemned in express terms (155). They include violence and force as a means of propaganda, and this is disclaimed by Engels in a strong passage of the Principles of Communism quoted by our author (157). The mature view of Marx and Engels contemplated a gradual victory of a growing majority, never of a minority (197, 198, cf. 175). It involved that the revolution must come in every country when the industrial conditions made it unavoidable, and this meant when "Capitalism" had reached its full development. They ridiculed the idea that it could be hastened by a sudden blow, and they favoured the use of the franchise and Parliamentary action in countries living under a free Government (184, 186).

It may be remembered that in the 'seventies the Russian followers of Marx found the rule of full development an embarrassment. The friends of the peasantry in dispute with the "Capitalists" had the supposed rule thrown in their faces, and were told they were, by their leader's own principles, murmuring against necessity; accordingly, they asked Marx himself whether Russia fell under the rule or no. The abolition of serfdom had led to something like a rural proletariat, which might be enough to qualify Russia for the Revolution. Marx replied that his generalisation was only for the Western nations.¹ The incident is not discussed by Dr. Mautner. His own answer would probably have been the statistics given in his book (38 seq.; cf. 208, 224, 229); the expansion of Russia's factory and metal industry, with large capital and on an increasingly great scale, was unexampled, under the shelter of a stiff tariff. The numbers employed in 1912 reached nearly 3,000,000, as against 300,000 in 1850. The figure given for 1917 is nearly 2,250,000, in spite of the war. European Russia had already passed the initial stage of an industrial system similar to that of England and Germany. The figure is not great out of a population of 119,000,000, and

¹ See Economic Journal, June, 1897, p. 316, and the article of Prof. Loria there mentioned. Loria calls the answer downright senility.
the peasants are still an overwhelming majority, only held to Bolshevism by concessions, having no desire to "pool" their land, now that they have got it. Dr. Mautner touches this point perhaps too slightly (35, 36). But he has much ground to cover, and he has covered it well. He has richly provided us with references to recent writings. The activity of the German printing press in the matter of books and pamphlets is surprising. Dr. Mautner had to wait his turn (Preface, xi), and his book appeared a year after completion. Publishers have been even issuing translations of Spence, Godwin, Hall, Ogilvie, Gray, Bray, Hodgskin, to all of whom Marx was more or less indebted.

There is a clear and rapid sketch of the successive revolutionary movements in Russia from the beginning of last century, as well as of the Trade Unions and strikes (46 seq., 71 seq.). The author has Lenin's authority for explaining the name Bolshevist (Maximalist) as simply used for the "majority" in the voting of a particular Congress held in Brussels and London in 1903. Lenin himself thinks the word ridiculous; but with its suggestion of greater and less it has been felt to express the extreme position not ineptly; the minority on that occasion were apparently Social Democrats, who were content to take a little at a time, against opponents who would have all or nothing, and usually had the latter (121, cf. 69, 93).

In the book there are some bursts of feeling that might have been spared. But there is not enough of this aberration to disturb the dignity of discussion; and the final words, written on the day of the Peace, June 28th, 1919, are in good taste, and may find sympathy even in the countries which (as the author thinks) have dealt somewhat hardly with his own country.

J. Bonar

Die Wirtschaftspolitischen Probleme der Proletarischen Diktatur.
Von Dr. Eugen Varga, University Professor, late People's Commissary and President of the Supreme Economic Council of the Hungarian Soviet Republic. (Wien: "Neue Erde.")

Most of the books published about the Bolshevist problem deal with this interesting question from a political point of view. Its economic aspects are usually settled by a few commonplaces. Therefore, the value of the recently published book of Dr. Eugen Varga cannot be over-estimated. No one is better qualified than he to deal with the economic problems of Bolshevism. As financial editor of the Hungarian Social Democratic newspaper Népszava for many years, he trained himself up to be one of the
most competent Marxists of the day. To his theoretical know-
ledge he added practical experience during the four months' period
of Hungarian Soviet régime, in his capacity as President of the
Supreme Economic Council of the Soviet Republic. He was
indeed one of the very few sympathetic leaders of the Hungarian
Bolshevist movement, because of his energetic fight against cor-
ruption, and of the sincerity with which he always revealed the
weak points of the Soviet system.

His book rises pre-eminently above the average level of
Bolshevist literature, on account of its almost impartial sincerity
as to the causes of the economic failure of Hungarian Bolshevism.

The starting point of the investigations of Dr. Varga is the
present unfavourable economic situation of Capitalist Europe.
He points out that the proletariat of all belligerent countries came
out of the war with a strengthened social self-consciousness, and
demands, more energetically than ever, the improvement of its
material and moral standard. This is a demand which, in his
opinion, Capitalism cannot possibly satisfy. It can allow higher
and higher money wages, but not higher real wages, for this
could only be obtained by a considerable increase of production.
If Capital were to renounce its profit, in order to be able to
satisfy the demands of workmen for higher money wages, then
there could not be any accumulation. Without accumulation
there is no hope for the increase of production. Without the
increase of production, the increase of the standard of life of the
workmen is impossible. If, on the other hand, Capital refuses
the demands of workmen, it will find itself face to face with the
violent resistance of the proletariat. These are the outlines of the
present crisis of Capitalism.

This chain of inference is by no means unassailable. How-
ever, let us suppose it to be right and let us await the author's
proposal of a system which shall be free from the above-mentioned
drawbacks of the capitalist system. For, of course, the system
which we propose must not possess the same drawbacks as the
system we oppose! Therefore the reader may rightly expect from
Dr. Varga, after his introduction, the explanation of a system
which renders possible the increase of production and the im-
provement of the living standard of the working class.

But the reader will deceive himself in this expectation. The
author recognises with a praiseworthy sincerity that production as
well as the workmen's living standard will considerably decrease
in the first period of the proletarian dictatorship. He gives us no
estimates as to how long he supposes this "first period" to last.
At any rate it may last a good number of years, perhaps decades. Will the crisis of Capitalism last longer than this period? We have no reason to suppose it will. Will the sufferings of humanity be less grave in the system supported by the author than in the present system? The author himself gives to this question a negative answer.

It remains for us to suppose that the workmen are, perhaps, more inclined to suffer shortage in a Bolshevist State than in a Capitalist State. Dr. Varga encourages us to suppose so at the beginning of his work by stating: "The dissatisfied proletariat shows no inclination to renounce its attack against Capitalism and its demand for an immediate improvement of its situation, in exchange for a rather uncertain hope that later on it will receive—within the limits of 'Capitalist slavery'—a somewhat better lot." However, a most embittered outbreak of the late People's Commissary against the Hungarian industrial proletariat, because of their disinclination to suffer shortage in the "first period of dictatorship," renders impossible this supposition also. Thus, the fundamental thought of the work of Dr. Varga obviously cannot bear criticism from a logical standpoint, since it infers from two negative premises an affirmative conclusion.

In spite of this, it is an interesting work, for it gives an account of the details of the putting into practice of the Bolshevist economic theory.

The greater part of the book deals with the embittered fight that takes place between the Soviet Governments and the agricultural population. There has always existed a certain natural controversy between village and town; but it was never so sharp as under Bolshevist rule. The industrial production of the town is paralysed by the decrease of working discipline and of the intensity of labour, caused by Bolshevism. Dr. Varga rightly remarks that in a Soviet State the output of Socialised undertakings tends to decrease to the level of the worst-managed business. Thus the town is unable to give a real equivalent to the villages for their agricultural products. On the other hand, the village is not inclined to credit the town by accepting its paper money as a temporary equivalent. This is the main source of all difficulties of the alimentation of towns in a Soviet Republic. Dr. Varga recognises that in countries the home production of which cannot satisfy their needs in foodstuffs, the alimentation problem of the Soviet Government would be still more difficult.

A most interesting chapter is that which deals with the public finances of the Soviet Government. Dr. Varga recognises that
the unproductive expenses of a Soviet State are at the beginning of the proletarian dictatorship much higher than those of the Capitalist State. An important and interesting confession of the author is that the workmen cannot get the whole equivalent of their work in a Communist State; a considerable part of it must be yielded up in favour of those who do not take a direct part in production and of those who are unable to do any work. Thus, the Social products cannot be sold at net cost; they must allow a margin for the maintenance of the above classes, and, besides that, a margin for the purpose of accumulation "which is in a Proletarian State still more urgently needed than in a Capitalist one." This sincere assertion sounds rather surprising from a Bolshevist leader, and is a sufficient refutation of the demagogic arguments of less sincere Bolshevist leaders, who allege the entire cessation of exploitation of workmen in a Communist State.

Paul Einzig


We have much sympathy with those who hold that the theories of Marx are beneath the notice of a scientific writer. However, the refutation of prevailing fallacies has always been recognised as part of the economist's province. It is indeed a peculiarity of our science that its investigations generally start from a point which is, so to speak, behind the zero of ignorance. It is necessary to escape from error before reaching positive truth: "Sapientia prima stultitid caruisse." Accordingly, gratitude is due to Professor Nicholson for having performed the heavy task of re-examining _Das Kapital_ and other writings of Marx. The judgment which many of us have been content to base on samples of this literature is now confirmed by a more thorough examination. Professor Nicholson entered on the task prepared to find, as in the writings of Robert Owen and many other Socialists, some ideas that might be of service under present conditions. "But the more I read of Marx," reports the critic, "the more hopeless and depressing was the effect." "The theory of value as expounded by Marx, instead of being an advance, is a retrogression." He neglected the influence of Demand which contemporary economists were bringing into light. Another novelty
which the same writers favoured, the use of mathematical con-
ceptions in economics, might seem at first sight to have been 
adopted by Marx. But we agree with Professor Nicholson in 
thinking that the mathematical apparatus in Das Kapital "is on 
a par with the maps and charts and ciphers put into the novels 
about the treasures hidden by pirates. The algebra of Marx 
compared with the algebra of Cournot . . . is as the charts of the 
pirate romance compared with the charts of the Admiralty." 
Professor Nicholson's searching criticism of Marx's theories on 
wages, profits and the accumulation of capital fully justifies his 
verdict that "what was original in Marx was wrong." No less 
searching and severe criticism is bestowed on the writings of 
Marx's most important disciple, Lenin. The divergence between 
Lenin and other disciples in their interpretations of the master's 
teaching is strikingly exhibited. It should seem that even the 
humble merit of consistency was wanting to Marx.

Any shred of authority that Professor Nicholson may have 
left to the author of Das Kapital disappears in Professor Loria's 
treatment of the subject. With respect to two leading tenets of 
the Marxian system, Professor Loria thus expresses himself: 
"Marx's thesis of the progressive concentration of wealth into the 
hands of an ever-diminishing number of owners . . . has not been 
confirmed. It has indeed been confuted by the most authoritative 
statistics collected since the publication of the book." As for the 
theory of surplus value stated in the first volume of Das Kapital, 
it is "peremptorily refuted or is reduced to absurdity." It was 
announced by Engels, and it was confidently anticipated by faith-
ful Marxists, that the explanation of the enigma, left unsolved 
in the first volume, would be found in the long-expected third 
volume. But of the explanation there offered Professor Loria 
observes: "It soon becomes apparent that this so-called solution 
is little more than a play upon words, or, better expressed, little 
more than a solemn mystification. . . . Thus, far from effecting 
the salvation of the then threatened doctrine, this alleged solution 
administers a deathblow and implies the categorical negation 
of what it professes to support. For what meaning can there 
possibly be in this reduction of value to labour, the doctrine 
dogmatically affirmed in the first volume, to one who already 
knows that the author is himself calmly prepared to jettison it? 
. . . His fundamental economic theory is essentially vitiated and 
sophistical." If we knew nothing about Marx but what we are 
here told, we should infer that he failed in two prime tests of 
scientific worth, prediction of the unknown and explanation of
the known. The serenity of the scientific character was not among his qualities. Thus, of "the savage booklet entitled Herr Vogt," we read: "The style of this polemic writing is intolerably vulgar." A character "naturally acerb" became, under the pressure of adversity, "far from amiable." "Mingled sentiments of grief and anger fill our minds when in Marx’s private letters to Engels we trace the manifestation of this harshness, which left him unmoved by the misfortunes of his dearest friends, which led him to make any use he could of those friends and then to overwhelm them with reproaches and accusations, which showed itself (and this is the worst of all) in a jealous hatred of comrades less unfortunate than himself." Particularly deplorable was his ungrateful conduct towards Lassalle, who had shown him great kindness, assisting him financially and in other ways. This adverse testimony obtains additional weight when it is observed that the witness is an enthusiastic admirer of the man whose defects he candidly admits. The countervailing merits attributed to Marx are extolled in encomiums of almost lyrical profusion, the beauty of which has been preserved by the translators as well as the English language permits. Das Kapital is described as "the marvellous work which, whatever judgment we may feel it necessary to pass upon the value of the doctrines it enunciates, will remain for all time one of the loftiest summits ever climbed by human thought, one of the imperishable monuments of the creative powers of the human mind. . . . The most austere criticism must bow reverently before such gigantic mental attainments as have few counterparts in the history of scientific thought." Space fails us to transcribe all the eloquent eulogies of the "sage" and "martyr" "who struggled and suffered and died for the Supreme Redemption."

It is a psychological question, of some practical importance, how the same mind could hold at the same time with respect to the same person judgments so different as those which we have cited. The contradictory utterances recall the character of Dipsychus as described by the poet Clough. The history of religious rationalism presents few such examples of fervid faith combined with critical reason. The nearest parallels are perhaps to be found among the worshippers at the shrine of Marx. Thus Professor Sombart, along with profuse eulogy of Marx, makes the admission that he contributed nothing to the technique of the science (cf. Economic Journal, XIX., p. 239). The importance of Marx’s theories is, indeed, as Professor Nicholson shows, wholly emotional.

F. Y. Edgeworth


Professor Boucke sets out to examine Socialism as a practical scheme, and to determine how far its claims to supersede our existing order are justified. The path to progress is admittedly through plenty: can Socialism increase the goods which it proposes to distribute with so generous a hand? Obviously it cannot produce natural resources; it must therefore show its worth by improved methods of using them.

Professor Boucke has drawn up an interesting table, the conclusion from which—if we admit all his assumptions—is that by abolishing the leisured class, and absorbing into industrial work all married women under sixty, we may get a 14 per cent. to 15 per cent. increase in material goods. This is the possible maximum. We could obtain a further gain by eliminating luxuries, the production of which at present occupies nearly two-fifths of the workers of the United States. On every point at issue Professor Boucke gives Socialism the benefit of the doubt, which is permissible, since he is only concerned to show the utmost that it could be expected, under the most favourable conditions, to achieve. He concludes that the new order will certainly diminish pain and anxiety, but will probably not add greatly to happiness, since most of our troubles come from within. He sees no ground for believing that either popular rule or female suffrage will put an end to wars, but insists that Socialism cannot logically stop at national boundaries.

Two fundamental questions for which an answer must be found, receive very little attention from Professor Boucke. He makes no attempt to meet the objection that Socialism offers no inducement to men of brains and enterprise, except by the retort that the majority of workers lack that supposedly necessary incentive anyhow, and that many hundreds of thousands have for years worked for salaries and done their best. He is optimistic enough to add that too much stress is laid on mere monetary gain, and that habit, energy, and pride in achievement count more in the aggregate than the lust for profits. He admits the necessity of differences in remuneration according to skill and capacity, but states that: “Distribution according to need will, if necessary, take the place of distribution according to number of hours at work.” Along this thorny path he does not, however, adventure further, except to admit that just where personal welfare and
social efficiency conflict it will not always be easy to determine. The main questions, therefore, remain unanswered.

Mr. Field's critical examination of "Guild Socialism" is thoroughly practical and concrete, and one can only regret that he has limited himself to so short a treatise. Guild Socialists are apt to live in the clouds; their language is not measured, and their ideas are sometimes confused. They drug themselves with phrases such as "wage-slavery," "labour as a commodity," "production for use, not profit." To these failings Mr. Field shows scant mercy, and the phrases which form so large a part of the Guild Socialist's stock-in-trade, are analysed with ruthless logic and deprived of much of their sting. According to Mr. Field, the main weaknesses of the Guild system are: (1) That it ignores altogether the services of the capitalist employer to production; (2) that it provides the worker with no adequate incentive to effort; and (3) that it risks the establishment of a tyranny of the producer over the consumer, more hopeless than any we have yet experienced. The question whether the employer earns his profit is a very big one, which ought to be argued dispassionately and with knowledge of industry: the Guild Socialist settles it all beforehand. His assumption that all workers will naturally do their best under the Guild system is equally arbitrary, and the question whether the Guilds may not be tempted to use their power to exploit the consumer drives him almost to frenzy. His reply to the charge is generally more lofty in tone than convincing in substance. For instance: "The abolition of the wage system involves a spiritual revolution, and the Guilds cannot fail to be worked in the spirit they desire." On this kind of rhetoric Mr. Field's arguments fall like a douche of cold water. He makes a good case for the view that the Guilds are not likely to encourage initiative, originality, and enterprise. All new inventions and suggestions would have to pass through the bottle-neck of the Central Guild organisation, which would certainly refuse most of them. The large and economically powerful Guilds would almost certainly succumb to the temptation to exploit the consumer, since "human beings have an almost infinite capacity for persuading themselves that what their own interest demands is really dictated by common justice, or is even in the 'highest' interest of the other party."

The writer devotes considerable space to the criticism of Mr. G. D. H. Cole's theory of the State, and argues that we must have some one sovereign form of association to co-ordinate the activities of Mr. Cole's various independent associations. For, in
the first place, these are not watertight, but are liable to overlap, clash and conflict; and, which is more important, if there is not one organisation admitted as supreme, some one or other, originally constructed for a different purpose, will arrogate to itself the right, and usurp the position.

Perhaps the least convincing portion of the book is Mr. Field's discussion on Industrial Democracy. The comparison which he draws between political and industrial democracy is both interesting and sound, but when he argues that the latter would not broaden the worker's outlook or widen his sympathies beyond the limit of trade or profession; that it would, on the contrary, cramp and narrow his mental outlook and limit his sympathies, we cannot agree with him. His treatment of the whole question of self-government in industry is somewhat lacking in sympathy, and makes it probable that any Guild Socialists who could bring themselves to read this lucid and closely-reasoned criticism of their system, would immediately reject it as having missed the soul and spirit of their philosophy.

H. Reynard


The object of this book is not only to attain knowledge, but to guide conduct; not only to discover the laws that govern social relations, but to show where improvements can be effected. The work is very comprehensive, and leaves practically no corner of the field unexplored, the writer combining description of historical fact with psychological analysis of human instinct and motives. He examines first social forces, then the processes in which these manifest themselves, and the resultant products. Lastly he deduces sociological principles for the guidance of policy. This method necessarily involves some repetition, since the sins and the virtues, the motives and conduct which were investigated in the discussion of social processes, reappear in the consideration of products, and can hardly be left out when the writer comes to principles. The interest of the questions raised, however, and the lucidity and acuteness with which they are discussed, carry the reader along through the enormous mass of detail.

After making allowance for differences due to climate, geographical environment, and race psyche, Professor Ross comes back to elementary human instincts as fundamental sociological
facts. He lays most stress on the instinct of domination—the domination of men over women, of fighters over workers, of rich over poor, and the instinct of exploitation, which is the leading purpose of domination. The motives at work are subjected to searching analysis, and the theories so often invoked in their defence are ruthlessly exposed. The chapter on the rise of gross inequalities is less convincing. “The dominant class,” says Professor Ross, “always propagates the idea that social distinctions have originated in differences of personal capacity and virtue.” This, like the rest of his indictments of privilege, can hardly be disputed. But when he maintains that “the ups and downs of fortune which happen all about us in consequence of individual differences in ability, enterprise, character, or diligence, shed little light on the origin of fixed classes,” it is not so easy to agree with him. His own description of the founders of a leisureed class could be interpreted as evidence in favour of the very point at issue. The early warriors who first protected, then exploited, the tillers of the soil; the serf who was the first to run away and eventually became lord over his old companions; the adventurous Australian sheepman who got ahead of Government surveys; the land-grabber in every corner of the globe—these, according to Professor Ross, laid the foundations of a leisureed class, and they possessed precisely those qualities of superior ability, enterprise, and character, though it might be but the enterprise to exploit and rob, and the ability to get in first.

The writer can offer no panacea for the class struggle. Various factors have served in the past to mitigate the conflict. A huge exploited class may be kept inert by the opportunities for climbing out of it which deprive it of its natural leaders. The breadth of economic opportunity retarded the appearance of the Labour movement in the United States. But when “free land” came to an end, and the working man’s opportunity of becoming a capitalist disappeared, the class struggle emerged. The modern social problem, Professor Ross considers, has been created neither by labour agitators nor by capitalist greed; it arose inevitably out of the development of machine industry, and there is no sign at present of any real solution of these problems.

The sociological principles which the writer finally commends to the attention of social students and reformers are the principles of anticipation, of individualisation, and of balance. In every detail of life we anticipate—policy must be shaped, therefore, to produce results by anticipating these anticipations. Thus
the law of Workmen's Compensation is beneficial, not so much because it indemnifies the employee who is actually injured, as because it induces employers to adopt safety devices. Economists have learnt that where wealth is not safe from depredation, presently no wealth will be produced. It is a commonplace that indiscriminate charity calls into existence more poverty than it relieves.

The principle of individualisation is a necessary corrective to the tendency for dealing with mankind as a crowd. We suffer from too much machinery—from the governmental machine, the ecclesiastical, the military, and the educational machine. We are inclined to lump together all manual workers, all the poor, all the law-breakers. But human diversity is endless, and we neglect it at our peril.

Again, society must be on its guard against the "Simulator." Among these the writer gives the palm to the class of commercial evildoers, which is probably the most numerous, but the professionalising of something which ought not to be done for payment is more serious because more elusive. The professional mendicant, athlete, expert witness, the worldly cleric who uses the pulpit as a means of getting on, the labour leader whose only care is to keep his job, the professional agitator, the professional politician, and, above all, the agent provocateur, are plague spots which society should at all costs aim at stamping out.

We must conclude that no one element in society ought to be allowed to preponderate, since each is necessarily biased by its distinctive work and mode of living. The writer once again recapitulates the forces which have always been allowed undue sway: masculine ascendancy and its inevitable concomitant—militarism; clericalism, with its tendency to crush initiative and keep the intellect in leading strings; commercialism, with its callous blindness to everything but profit. The follies and futilities of the leisured classes receive their final measure of condemnation. All the elements must be duly balanced. "In the guidance of Society each social element should share according to the intelligence and public spirit of its members, and none should dominate."

H. Reynard


"If war comes between Capital and Labour, how shall you take sides?" This question was asked of the writer in 1894, and
in his opinion no rational answer was then possible. In this volume he attempts to give a reasoned reply.

At the outset he admits that Labour has as much right as any other portion of the community to get whatever it can. Everyone wants more money, more happiness. Labour wants it all, and at once. This impatient urgency may be an embarrassment, but we can see in it the very soul of progress.

Mr. Brooks makes no attempt to palliate the sins of his countrymen on either side in the contest. He is "fully aware of Trade Union treacheries and improprieties." He has an "ample record of them—corrupt leaders, hired thugs, despicable forms of violence." On the other hand: "There has been in the United States nothing dirtier or more lawless than that done under the dictates of capital."

Even to-day we find a feudal temper among employers. There is no doubt at all that, if it could be decided by secret ballot, a majority of employers would quickly make an end of Trade Unionism in America. The Trade Unions for their part are openly determined to make an end of the capitalist. They feel confident that they can organise production to much greater advantage without him.

The writer reviews in turn the lessons of Communism, Socialism, Syndicalism, and the New Guild. He refers to various Communist experiments, none of which succeeded, and shows why utopias always end in failure. They assume a degree of collective sobriety, forbearance, and self-mastery which does not exist. They assume that liberty and equality are natural partners, whereas they are in truth difficult to harmonise. But the rocks on which they split are the property instinct, which they persist in treating as accidental, and the fact that the perpetual close contact required by the Communistic life becomes in practice intolerable.

Socialism offers a much more reasoned case against our present economic order, but its progress is by way of compromise and concessions. No experiments on a large scale have yet been made—Russia is not touched upon in this volume—but such experience as we have of Government control is not encouraging. State and municipal production resemble nothing so much as putting a dollar into the machine and getting out 75 cents.

Mr. Brooks can find nothing to approve of in his survey of Syndicalism, but a good deal in our social order to explain its existence. He is chiefly concerned with the aims and activities of the I.W.W., which he condemns for their immaturity and
impracticability. The assumption that the least skilled of the Labour mass can take over the management of industry is the most fantastic of utopian freaks. Moreover, the habits deliberately cultivated by revolutionaries—insubordination, sabotage, breaking of contracts, would form an impossible foundation for the building up of a coherent order of society.

The New Guild—a wholesome English compromise—is far less destitute of some sense of economic and political solidarity. The Guild idea deserves the most serious attention, and ought not to be, as it so often is, airily dismissed as merely "interesting," and "perhaps fruitful." Nevertheless, there is a good dose of utopia in its proposals, especially in the cheerful certainty that the Guild State will be rid of all politics, class conflicts, and factions.

Mr. Brooks has no ready-made cure to offer for industrial evils, but his repeated plea for impartial study and sympathetic understanding of their causes is very impressive. He sees some hope in the new spirit among employers, and real encouragement in the co-operative movement. Welfare schemes are to be commended chiefly for their experimental and educational value. They help us to make the very best of the wage system, while we have it. Profit-sharing has possibilities if it can break down Labour's suspicion. The originators of the idea openly avowed that it was a bid for Labour's allegiance against the Union. This the Unions can hardly be expected to forget or forgive. The individual worker's suspicion may be allayed only if he sees from the start what he stands to get, and if he is kept informed of what Capital is getting.

On the subject of co-operation the writer is really enthusiastic. Here we have democracy at its best. Co-operators are practical people with constructive aims, and they are trained in political and industrial realities. As employers of labour and financiers they are up against precisely the same difficulties as the employers and financiers in the capitalistic world outside, and the lessons they learn are invaluable. They come near to solving the problem of output and the temporary displacement of labour by machinery. They are practically free from the demagogue—that curse of democracy. And with all their business methods and business successes, co-operators never lose sight of their ideals, or lose hold of that something more than business and material gains for which they stand.

Apart from the co-operative movement, Mr. Brooks is not optimistic about Labour's fitness to govern. It will require a
great deal of help from the classes that have most to lose by the impending change, and he makes an earnest appeal to employers to give Labour its chance. "There is only one thing stronger than armies, and that is an idea whose time has come." We must leave wide open the door to new thoughts and ideas, and face the issue, if not with optimism, at least with courage, and with a definite hope that honesty and good will may help us over the crisis which has assuredly come.

H. REYNARD

The Triumph of Free Trade, and other Essays and Speeches.
By RUSSELL REA. (Macmillan. 1920. Pp. 384. 15s. net.)

This collection of speeches, though chiefly consisting of those concerned with the Tariff Reform controversy, covers also a number of other subjects, such as the coal export duty, nationalisation of mines, corn and sugar taxes, social reform, etc.

In an interesting introduction Mr. C. F. G. Masterman truly says of Russell Rea that "he indulged in no personalities and recriminations. He appealed to reason rather than to passion." The speeches are party polemics, no doubt, but of a good class, and the criticism of loose arguments put forward, especially of the pessimistic prophesymings which at first were a large part of the stock-in-trade of Tariff Reformers, is effective. He always speaks as an optimist, believing in the good qualities and good prospects of his country.

When we seek for the more positive side of his arguments for Free Trade, we find some discussion of economic theory, but mainly the reiterated claim that the country flourished under Free Trade, that the shipping industry in particular grew great under that system and must be injured by anything that tended to restrict foreign trade. He was aware that this kind of argument from experience was one which could be used by both sides, but it lent itself best to the requirements of the platform. He states quite clearly his belief that Free Trade was adopted in this country, not because of any better understanding of economic theory by Englishmen, but because it so happened that Protection was mainly associated with dear food, and that the electorate would be influenced mainly by arguments (of a kind which were not too recondite) about the effect on particular industries.

So far as regards the class of less recondite and limited arguments are concerned, one feels that the ground is likely, in the No. 121.—Vol. XXXI.
future, to be shifted. It will not be argued whether the production of pickles and jam and clothing are superior to the manufacture of iron and steel, etc. The difficulties of the thorough-going Free Trader are more likely to lie in convincing Labour that foreign competition is not dangerous to the elaborate system of standardised, and in many cases legalised, wages which has grown so much now in many trades which are more open to competition in the home market than the great trades which have in the past mainly provided the spokesmen of Labour. In the shipping trade also there may arise, more acutely than in the past, the question regarding the competition of foreign, and especially Oriental, seamen, whether British subjects or not.

Turning to the more general arguments, which go deeper, the Free Trade apologist may be required to go further than reiterating the argument that imports are paid for by exports and that therefore competitive imports do not cause unemployment. We have now a régime of paper money, and it may come to be perceived, more clearly than under the gold standard, that the important question is the terms of exchange, and that an increase of some imports may tend to lower the purchasing power of the pound sterling and render other imports, which we cannot do without, dearer. There is no trace in these speeches of any comprehension of this point. The author's conception of the nature of the crucial theoretical question is expressed on page 89: "Mr. J. L. Garvin says, as I have quoted already, 'it is true that every import must develop an export,' but he goes on to say, 'The vital question is, What do you exchange for what?' This is a perfectly accurate and fair statement of the point at which dispute arises between instructed Tariff Reformers and Free Traders." Under the new conditions the instructed Tariff Reformers may see that the question is not "What do you exchange for what?" but how much produce of British labour do you exchange for how much produce of foreign labour? To take a case in which the answer is not really in doubt—not a question of Free Trade versus Protection—suppose a foreign competitor undersells the British exporter in a neutral market. That, it will be agreed, is disadvantageous to us. The ordinary way of expressing the fact is to say that the competition throws people out of work; and although this is not a full account of what happens, it is not altogether off the point. A more correct statement of the permanent effect is that the terms on which we obtain our imports are less favourable as the result of this competition. It causes us to have to give more produce of British labour for a
given produce of foreign labour. When the competition is in
the home market the answer is not so clear either one way or
the other, but the case cited illustrates the point that the answer
has not been obtained merely by showing that the immediate
unemployment is ephemeral, that sooner or later imports and
exports are made to balance.

The futility of arguing in terms of “employment” is illus-
trated in the chapter on “Imports and Employment,” in which
the author seeks to show where the Protectionist is wrong in
contending that, if a British railway company buys an engine in
Glasgow, there is more employment in Britain than if it bought
the engine in Brussels. Without suggesting that the Protec-
tionist is in any better case, it must be admitted that the author,
in defence of Free Trade, gets himself into hopeless difficulties
with a theory that the “imports are paid for by exports” prin-
ciple is somehow peculiar to international trade and inapplicable
to trade between groups of people in the same country. For
this the economic text-books are, perhaps, to blame, in not
examining the subject sufficiently. He also propounds the un-
tenable theory that the engine could not have been bought in
Brussels unless there was an already existing demand in Belgium
for Northampton boots (or other British produce, of course) of
equal value at existing prices.

The chapters on the export tax on coal and the nationalisation
of mines may be read with profit, though it cannot be said that
the economic theory of the export tax is worked out very far.
The argument is to the effect that we have no monopoly, and
that American competition in the coal trade overseas is likely
to grow. The author does not appear to expect, in either chapter,
that the demand for coal from all the European fields will grow
faster than the supply. Is not that likely to be found to be
one of the dominating economic facts of the future, resulting in
an ever-growing scarcity price for coal? Recent experience seems
to suggest that American supplies are very costly and will not
prevent European prices from running very high. Possibly the
after-effects of the war may prove to have given a misleading
impression of the situation, but it is to be noted that the author
is emphatically of the opinion that we have reached the stage
of diminishing returns in mining. Are not other European coal-
fields in like case, or about to become so? It is rather difficult
to believe that the more easterly situated American fields can fail
to have the same experience soon, even if they have not actually
reached that point. The point of interest may shift from the
question of levying an export tax to that of determining who is to have the inevitable and growing unearned increment of scarcity value.

C. F. Bickerdike

*International Labour Legislation*. By H. J. W. Hetherington. (Methuen. Pp. ix+112; Appendices 79. 6s.)

The new Principal of University College, Exeter, has produced a most useful essay on the practical beginnings of the International Labour Organisation, a side of the League of Nations which, despite considerable lack of publicity, has not failed to impress itself as a living effort at constructive internationalism. It is essentially from this constructive standpoint that the book is of particular value. In the opening chapter, and in other passages, Mr. Hetherington raises a number of questions that touch the root of the general problem of international labour legislation; these are, in general, clearly set out, but the scope and object of the volume does not allow of their being extensively explored. The bulk of it is devoted to analysing the constitution of the International Labour Organisation and to reviewing in detail the first meeting of the annual International Labour Conference, held at Washington in November, 1919. The constitution of the Organisation was drawn up by the Commission appointed for that purpose by the Peace Conference, and it was eventually incorporated as Part XIII. of the Treaty of Versailles, and later in the other treaties with the ex-enemy Powers. (The English text is given in full as an appendix.) Members of the League of Nations are *ipso facto* members of the Labour Organisation, but not *vice versa*, for there are the significant exceptions of Germany and Austria, which were both admitted to the Organisation by the Washington Conference, in accordance with special powers conferred upon it. In consequence, the greatest drawbacks which have been experienced from the Covenant forming part of the Treaty of Peace do not exist for the Labour Organisation. On the other hand, the fact that it is not included in the Covenant, and is not even mentioned in it, makes its precise relations to the organs of the League difficult to determine from the scanty and very general indications given on this point in Part XIII. of the Treaty. The institutions of the Labour Organisation comprise the Conference, the International Labour Office and the Governing Body, which controls the Office. Two chapters, devoted to the structure and authority of the Conference, contain an analysis, with interesting practical examples, of the provisions of the Treaty in this respect and a survey of the fundamental
questions which confronted the Paris Commission. What should be the proportion between the three elements in the Conference,—the Government, the employers and the workers? How should the non-Government representatives be appointed? Should the Conference be a “Super-Parliament” with direct, legislative powers? What form of international legislation is compatible with the constitutions of Federal States? Of each of these problems there is a discriminating review, though perhaps the point is scarcely sufficiently emphasised that the old diplomatic method of dealing with international affairs has been in great measure thrown aside, not only by the participation of employers' and workers' representatives, together equal in numbers to the Government representatives, but also by the recognition of the principle of voting by individuals, not by delegations, and of the binding character of a two-thirds majority of the Conference for draft conventions. At the same time, this binding character is, under existing circumstances, wisely limited to the initial obligation on the part of each Member of the Organisation, within one year or, in case of exceptional circumstances, within eighteen months, to bring any draft conventions so carried “before the authority or authorities within whose competence the matter lies, for the enactment of legislation or other action.” The final word is thus left to each separate nation. “Le grandi idee fanno i grandi popoli. E le idee non sono grandi se non in quanto travalicano i loro confini. La vita nazionale è lo strumento, la vita internazionale è il fine.” As an estimate of the means, this still, in the main, holds good for us now as for Mazzini then. Yet, a vital change is registered both by the official international collaboration of Governments, employers and workers, and by the invaluable opportunity offered for the focussing of public opinion. It is sanely pointed out that publicity is the one true sanction for the enactments of the Conference. The Treaty lays down an elaborate procedure to be followed against defaulting Members, culminating in the employment of the “economic weapon,” but this, difficult and insecure in itself as it is, appears in so guarded and optional a form that but little utility can be claimed for it. On the other hand, and especially as regards ratification of draft conventions, the efficacy of the sanction of publicity depends, in part, it is true, on the force of example, but in the end mainly on the supporting activity of the workers' organisations; hence the possibility of the balance of the Organisation being upset in the process of attaining tangible results, or of its internal collapse through impatient withdrawal of collabora-
tion. Mr. Hetherington raises an interesting question as to the balance of the three different interests represented in his consideration of the objection that the tripartite division is based upon a very transitional form of social organisation; he might perhaps have added in this connection that current lines of argument may lead to demur to the absence of similarly specific representation of the consumers.

The Preface is dated April, 1920, so that necessarily the account given of the Governing Body and the International Labour Office is somewhat unsatisfactory, since the former was only elected by the Washington Conference, while the latter, though its formation was energetically begun by January, 1920, for various reasons could not take very definite shape until its establishment at Geneva in July. Hence only a very slight anticipation is given of the enormous, and rapidly growing, amount of work performed by, and devolving upon, these two bodies. In dealing with the Labour Office, Mr. Hetherington does well to lay stress on the extreme importance of thoroughly adequate preparation of the various items on the agenda of Conferences, if practical legislative results are to be attained; the experience of previous international assemblies fully justifies his insistence on this point,—experience which both the Washington and Genoa Conferences, as well as the first meeting of the Assembly of the League, have in various forms amply confirmed. In his brief account of the Governing Body the chief emphasis is laid on the fact that of its twenty-four members there are, at present while the United States has not yet adhered, only four who do not come from European countries—two Canadians, one Japanese and one Argentine. It may be supposed that degree of industrial organisation and experience, quite apart from difficulties of distance, will occasion in practice European predominance; it requires, however, to be borne in mind that Labour is agricultural as well as industrial, and that any treatment of the dominating questions of credit and raw materials depends obviously enough mainly on the countries outside Europe.

Mr. Hetherington was a member of the Secretariat of the Washington Conference, so that his six excellent chapters on its circumstances, procedure, course of work and decisions are mainly written from first-hand knowledge. The principal of the decisions were the six draft conventions, respectively on the eight-hour day and forty-eight hour week in industrial undertakings, on unemployment, on the employment of women before and after child-birth, on the employment of women during the
night, on the minimum age for admission of children to industrial employment, and on the night work of young persons employed in industry. Six recommendations were also adopted dealing with unemployment, reciprocity of treatment of foreign workers, the use of white phosphorus in the manufacture of matches, anthrax, lead-poisoning, and Government health services. A most useful appendix gives the English text of these draft conventions and recommendations. Mr. Hetherington does not confine himself to a bare résumé of the discussions in the Commissions and the Conference, but supplies judicious criticism and illuminating observations on the actual working of an international body of indisputable weight and importance; in particular, his remarks on labour problems and Japan, China and India should be closely noted. The closing summary includes special notice of the responsibility attaching to the Governments in their attitude to the Organisation and to the crucial question of ratification of draft conventions, as well as an examination of the position of members of the Conference as delegates or as representatives; in either case, as is most justly insisted, a considerable degree of continuity in the personnel of the Conference is essential, if sound work is to be achieved and community of will truly incarnated in a living institution. The general conclusion reached is that "no one, perhaps, would be disposed seriously to question the success of the Washington Conference," and that, although the Labour Organisation inevitably reflects numerous divisions of opinion and must not be expected as yet to alter profoundly the economic and industrial fabric of the world, yet its very existence points with great significance to the reality "of a sufficient community of will and of interest to make its establishment possible. . . . One's great hope for the Organisation and the League is that their success will be as much in the inward task of focussing, supporting, and instructing the common will and hope of men for justice and peace as in the sphere of outer enactment. It is a battle of the spirit that has to be won." As a pendant to this may be quoted the final words of a well-informed and very favourable article on the Labour Organisation which recently appeared in an official German review. "To the International Labour Organisation, in addition to its specific task of creating a code of international Labour legislation for the welfare of the workers, will fall a further task, that of bringing nearer the day of reconciliation between the peoples estranged by the war."
The Case for Nationalisation. By A. Emil Davies, L.C.C.
(London: George Allen and Unwin, Ltd. Pp. 305. Price 2s. 6d. net.)

Mr. Emil Davies is to be numbered among that, no doubt, fortunate section of the community which believes there is some one given alteration in the structure of society which, if brought about, would solve nearly all the evils from which the body politic so manifestly suffers. For some the panacea lies in the taxation of land values, for others in the abolition of inheritance of property, for others in the dictatorship of the proletariat, for others in a new system of education, and so forth. There is no doubt in Mr. Davies' mind as to the remedy. The chief hopes that the future holds are summed up for him in the single word "Nationalisation." His book, with its copious extracts from newspapers, gives the impression that he eats, drinks and dreams nothing but nationalisation. A follower of Freud would certainly talk at large about a "nationalisation-complex." Unfortunately, Mr. Davies' enthusiasm for the cause is so great as to have destroyed to a large extent his critical faculty. No weapon appears to him too blunt with which to assail the enemy, with the result that, although his book contains a few good arguments, it also comprises a terrible amount of loose reasoning and bad, prejudiced thinking. This is the greater pity because, in Chapter VI. on "The Right to Strike," he shows that he could have written a very different sort of book, and one that would have been worth reading.

Mr. Davies professes that his book is intended as an answer to the attacks that are made in the Press and elsewhere against Nationalisation and as an up-to-date statement of the case for Nationalisation. His method is to attack private enterprise roundly and then to assert dogmatically that Nationalisation would afford the one and only cure for the evils he stigmatises.

The work of the industrial system during the past hundred years, which, for all its faults, has enabled the population of this country to be raised from ten millions in 1800 to forty millions, and which, moreover, has raised the general standard of living and comfort, is dismissed by Mr. Davies as follows: "If we could have had the good side of this incentive which underlies private enterprise, without the bad, the improvements and benefits it has brought would have been spread over the whole population instead of being limited to the few who are either astute, fortunate or
well connected.” This assumption, for which no proof is advanced, that the capitalist receives the whole of the advantage resulting from the efficient conduct of industry, recurs throughout the book and is the chief basis of Mr. Davies’ case against private enterprise.

The full weakness of the book is revealed by the arguments—it would be truer to say by the lack of arguments—with which Nationalisation is supported. Mr. Davies informs us that the cardinal sin of the present system is that it means production for profit, whereas Nationalisation would mean production for service. But he makes no attempt to get behind these phrases and to show how the system he advocates would work out as soon as sufficient time had elapsed for the momentum of the present industrial system to fall off. He appears, indeed, to regard certain experiences in other countries as sufficient proof of his general contention. In Chapter V., entitled “The Success of Community-owned Undertakings,” the reader is told that the Commonwealth of Australia is successfully running a bank, that the Queensland Government has set up a State Insurance Office, that the Province of Saskatchewan is lending money to farmers, and so on. Under the heading “There is no limit to the beneficial activities of State enterprise when it has not to think exclusively of earning profits for a small number of people,” we are gravely informed that films of bird life in Saskatchewan have been secured by the Chief Game Guardian of the Province and a photographer employed by the Dominion Government, “which will be of great educational value.” From these examples the inference is drawn that similar success would attend the nationalisation of the industrial life of Great Britain.

If the “case” for Nationalisation as put by Mr. Davies is weak, his reply to the attacks in the “Capitalist” Press is certainly no stronger. The chief argument against Nationalisation of which he appears to have heard is based on its alleged inefficiency and lack of enterprise, and with this Mr. Davies deals, though in a very unconvincing manner, but all the other factors of which account should be taken he completely ignores: the increased danger of international friction when the State is responsible for industrial policy; the difficulty of price fixing; the congestion of Parliamentary business; the difficulty of securing the training of leadership over a long period; the attitude of State-controlled enterprise towards invention—especially towards the development of substitute products; the effects on the accumula-
tion of capital; to all these and other difficulties there are no doubt answers to be given and schemes to be devised for overcoming them, but Mr. Davies does not give us the benefit of his views on these matters.

Mr. Davies declares that the "inefficiency, lack of enterprise and uneconomical working" of existing Government management are due to the fact that "the higher grades [of the Civil Service] are the preserves of a small class, the incompetent class to which I have alluded, coming principally from the older Universities," and that "this governing class does not wish to develop State enterprise that would compete with and diminish the profits of private undertakings owned or controlled by its own relations and friends." This latter statement is made with still greater emphasis on p. 151, where the incompetence of "many of those in charge of our Government Departments" is explained as follows: "The reason is that they are for the greater part recruited from the limited class which governs the country; this class as a whole (there are, of course, exceptions) is ignorant of the conditions under which the mass of the people of the country live; it is absolutely out of sympathy with them, and it has no desire that the State or Community undertakings should compete successfully with the privately-owned undertakings which they and members of their class own, control, and live by." (The italics are Mr. Davies'.) This monstrous imputation on the moral code of the British Civil Service comes singularly ill from a man who in the same book can devote a chapter to what is in the main a defence of the National Telephone service, quoting with approval the new schemes of development put forward by a Department, the present head of which is one of the most important business men in the North of England.

It can be said without the smallest fear of contradiction that the arguments of this book would convince no intelligent person who was not an already enthusiastic advocate of Nationalisation. In its method it is unscientific in the extreme, and it can only be called "popular" in the worst sense of the word. Out of 300 pages, 90 are composed entirely of extracts from newspapers, and similar cuttings form a large part of the remaining pages, the book as a whole appearing to have been largely designed to meet the needs of, and provide illustrations for, a type of orator with whom we are but too familiar.

In fairness to the author, it should be stated that at the end of the book are set out, in the form of draft Bills, three schemes for the nationalisation of land, inland transport, and coal mines,
the intrinsic interest of which is increased by the fact that they have been adopted by some of the chief Labour organisations in the country.

C. W. Guillebaud

_The National Needs of Britain._ By Alfred Hoare, M.A.

(London: P. S. King. 1920. Pp. 32. 6d.)

Weighty opinions on many important questions are here comprised within a few pages. There is no hurry about deflation, in the author’s judgment. We shall be lucky if we escape further inflation consequent on the payment of the huge sums that fall due in the near future. The Currency Committee did not realise the difficulties of economy. They shut their eyes to the impossibility of stopping large increase of expenditure: “The needs of housing, of a proper hospital and public health system, of national information, and many other vital matters.” The need for expenditure of this kind is connected with the writer’s view of the relations between Capital and Labour. He recognises that there is some ground for that hatred of “Capitalism” which is now rampant. Things have come to such a pass, he thinks, that we have to choose between “the old Individualism tempered by modification of the rights of private ownership, or . . . grasping the whole industrial machinery and ousting Individualism altogether in favour of Collectivism.” Mr. Hoare is disposed to leave to posterity “high-flown but impractical schemes.”

The “Labour Solution,” the latter of the two alternatives above stated, appears to him “so very much more difficult of accomplishment that the other one must hold the field for practical purposes.” But the “modification” which the other solution involves, the improvement of distribution by large expenditure on national services, is drastic. To provide for these services, and at the same time meet our debts without incurring additional inflation, immense taxation will be required. Twelve or thirteen hundred millions is the lowest we can hope for, and it will not be surprising if this figure is considerably exceeded. Another urgent national need is publicity. “Auditors are employed to see that the interests of shareholders are not being played tricks with by the directors; why should there not be official auditors to protect also the interests of workmen?” There are also national needs of a less material order, which we commend to the serious attention of our readers.

F. Y. Edgeworth


The appearance in increasing numbers of works of this kind will be gratifying to those who excuse their ignorance of foreign finance by the complacent opinion that we have nothing to learn of foreign countries in the matter of finance, but that they have everything to learn of us. As the Pharisees will not read studies of this character, their complacency will not be disturbed by any whiff of criticism which may be uttered. To others of us these outside views offer some interest and suggestion. Above all, they set us thinking why our literature is so barren in the comparative study of financial systems.

Mr. Fisk's volume is intended as a work of ready reference for the salient facts in regard to the finances of the United Kingdom. He hopes that it may contribute to a better understanding in America of our present financial problems. It is perhaps sufficient to say that it is well and carefully done and should serve its purpose.

M. Lachapelle is somewhat more ambitious and less successful. He has laid under heavy contribution a few English writers, but has not always followed them with fidelity. In his account of what may be called the constitutional aspect of our financial system we find an average of at least one error on every page. The detailed description of the income tax is, of course, already out of date. The historical section upon War Finance is more accurate, but is not well planned to scale, some sections being dealt with in minute detail and others neglected or inadequately touched upon. As a broad and general view of our finance it will afford the French reader a fairly good outline sketch, in spite of imperfections. He resurrects, with an enthusiasm which we cannot share, the advertisements and placards of the War Savings Committee exhorting us to lend money to Government and informing us that extravagance sheds the blood of heroes—a sentiment which must cause a twinge to Government itself.

Both writers criticise the inflation, for which they hold Government responsible, during the war. Neither of them offers any concrete suggestion for our future guidance in financial policy.

Henry Higgs
Monetary Catastrophes of the War. Le Peripezie Monetarie della Guerra. By Achille Loria. (Milan: Treves. 1920.)

These were lectures given by Professor Loria at the Commercial University, Luigi Bocconi, Milan, in April, 1919; and a good deal has happened since then. The powers of the author are well known to us all, and what he writes, even on currency, is worthy of respectful reading.

As disease leads to medical discoveries (says our author), social maladies like the present reveal economic laws (2). The Napoleonic War led to an expansion of paper currency, but not quite as now, or nearly so great. The effect then was to clear out the reserves of banks; the late war actually swelled them beyond precedent (7, 8). Over-issue through cheques was less, for cheques were little used (25). England did not much offend then, but is a chief offender now (10). He gives figures for the present issues in the several countries of the world (34 seq.). Like Professor Cassel, he thinks the balance of trade does not tell us everything (40), nor does the mere amount of issues, but they are elements to be viewed together (56 seq.). In England there is not (he thinks) an inconvertible paper currency, but a "limited convertibility," leading to three different kinds of depreciation: (1) Of notes compared with coin; (2) of coin compared with bullion; (3) of bullion in the foreign money market (81–2). He comes near to Professor Cannan, but will not quite agree to his Ricardian position,¹ that "a note convertible into a coin which is inconvertible into gold is de facto inconvertible and can therefore be over-issued" (80, but compare 74). He has apparently discussed the whole matter in a communication addressed to English economists in 1916 (70 seq.) Without opportunity of hearing the other side, a critic can hardly judge; but from the extract given by our author it would seem that his disagreement with Professor Cannan is not fundamental. He must be aware also that the alleged convertibility of the Treasury note, founded on a mere reference on the face of the note to the Act authorising it, is not to most holders of such a note an assurance of convertibility. It is otherwise with the notes of the Bank of England, where the promise is unequivocal.

Most interest will probably be attached to the positive proposals for the saving of the situation, forming the subject of the

¹ "A paper circulation not convertible into specie differs in its effect in no respect from a metallic currency with the law against exportation strictly executed." Ricardo, Reply to Bosanquet (Works, ed. MacC., p. 327).
last chapter of this book (131 seq.) on "Remedies." False remedies include the writing down of the value of notes by legislation, as the Convention in 1793 demonetised 500 millions of assignats for 100 francs on the ground that only aristocrats used them (132). This means national bankruptcy, and would cause a further fall in the paper, though (as Professor Loria mentions) respectable economists, like Sismondi and Baranovsky, have proposed it (132–137). He himself would like to see an annual withdrawal from circulation of a good-sized part, say, a tenth, of the paper money (140). It must not be done by a new loan, which is only an opportunity for fresh over-issue, nor by a capital levy (140, 141), but by a plan "the burden of which will fall on no one" (142), viz., to impose a tax payable in notes and then to take the notes and burn them. This would strike everyone in exact proportion to his wealth; all would remain relatively in the same position (143). The State in Italy, no doubt, could procure the paper money (for the combustion) by selling the public lands, though the public thereby loses the use of the public lands, and, while there is no diminution of the general wealth, there is a redistribution of it (144–6). As regards the future of currency, instead of the ordinary gold standard system, he would propose that notes be issued inconvertible for domestic purposes and convertible into gold for those having debts abroad (146, 147), and he favours an inconvertible International Note, into which the national notes should be convertible¹ (155), or even a convertible International Note under safeguards (157).

We all want to see the paper price of gold bullion come down to the Mint price. The holocaust of notes has its attractions for a people suffering from a plethora of paper money. Yet, to say nothing of the debatable fraction of reduction (a tenth being perhaps too much at one time), few Chancellors of the Exchequer will have courage to prefer a coming public advantage, involving repayment of loans in appreciated money, to the immediate fiscal advantage of the money itself in hand. The International Note is likely to be remoter still, perhaps one of the latest services of the League of Nations, appearing (let us say) after, and not before, Universal Free Trade.

It is not blame to say that Professor Loria has given us counsels of perfection.

J. Bonar

¹ As, in England during the Napoleonic War, country bank-notes were convertible into the inconvertible notes of the Bank of England, and in Italy from 1866 to 1874 the district notes were convertible into the inconvertible notes of the National Bank (156).
Labour and National Finance. By Philip Snowden. (Parsons, 4s. 6d. net.)

If the Labour Party comes into office, Mr. Philip Snowden is the most likely man to become Chancellor of the Exchequer; so his views on national finance have a particular interest. People who have hitherto regarded him as an extremist will be surprised at the moderation of his book. Unlike most writers on finance, he has no belief in the "posterity will pay" theory of war finance; he quotes Mr. Gladstone's statement in 1853 and declares that it applies "with greater force and truth" to our present huge National Debt,—"Our debt need not at this moment have existed, if there had been resolution enough to submit to the income tax at an earlier period."

Six years ago Mr. Lloyd George thought it necessary "to gain public support for the war; and a large immediate increase of taxation might have had the effect of damping the ardour of those who were prepared to applaud the military adventure, but who were unwilling to make financial sacrifice for its support." This view, if it was actually held by the Chancellor in 1914–15, was surely a slur on the patriotism of his countrymen: if true, it raises the difficult question, Should a country be deluded for its own benefit? A democracy ought always to face the facts; in any case there was no real alternative; as Mr. Snowden sees, "it is a fallacy to suppose that by borrowing for war purposes the generation prosecuting the war is relieved from any part of the payment of the cost of the war." The war must be paid for at the time it is being waged, as Adams said in his Public Debts thirty years ago.

Mr. Snowden is sufficiently right in saying that the war has been paid for by the present generation in three ways: (1) by special taxation; (2) "by an enormous depreciation in the capital value" of Government and municipal stock, debentures and other fixed interest-bearing securities (Mr. Snowden says "shares"); and (3) by the increase in prices. Consequently Mr. Snowden maintains that the cost of the war "could have been met without borrowing." That may be true; the question is—would people have stood the taxation involved? Mr. Snowden would no doubt reply: "If they refused, they did not deserve to win the war."

All this seems very sound, but it cannot be reconciled with our author's advocacy in later chapters of a capital levy, since, on his own showing, the levy has been made already. As he says on page 51, the timid financial policy of the Government has caused "the anonymous repudiation of a vast amount of debt";
on the next page he adds, "the real value of Consols has fallen from £72 10s. in July, 1914, to £17 in June, 1920." In view of these quotations, it is strange that Mr. Snowden cannot see that there is a strong case for a levy on war fortunes, but no case at all for a levy on pre-war wealth, except so far as in certain cases (ships, coal, and wool) the owners have become actually better off as the result of the war.

Mr. Snowden quotes the absurd Memorandum of the Board of Inland Revenue on "Increases of Wealth During the War," but he does not, as one would expect from his earlier chapters, take the point that there has been no aggregate increase of wealth, although the then Chairman of the Board appeared unable to distinguish between money and wealth. The case would be different if one could accept the estimates of £24,000,000,000 made by Mr. E. Crammond and Mr. S. Arnold, M.P., but there is no kind of evidence to support such a figure. Mr. Snowden accepts the Labour Party's theory of taxation "as a means by which social conditions may be ameliorated," and Mr. Asquith will be vexed to find himself quoted as saying, "Taxation is a potent instrument of reform." Most economists regard this as a dangerous view. Is not Mr. Snowden rather old-fashioned in suggesting that "an individual's ability to pay is usually in proportion to the protection and benefit conferred upon him by the State"? Mr. Snowden borrows Mr. Hobson's theory of "surplus," 1 though he does not explain why the cost of governing a country should be regarded as something to be paid out of the petty cash account.

The weak point about the financial proposals of the Labour Party and its spokesmen is that they are always trying to free the wage-earner from his contribution towards the cost of government; if the Trade Unions demand power, they should accept responsibility. Mr. Snowden admits that "a claim for the total exemption of the working classes from taxation is indefensible," but it was certainly made by the miners' witness before the Royal Commission on Income Tax. Mr. Snowden joins Mr. Hobson (and, indeed, most economists) in denouncing indirect taxation, though presumably he would not object to reasonable duties on tobacco and intoxicants. Would it not be much better, even in the interest of the wage-earner, to lower the point of total exemption from income tax, say, to £100 a year for single persons without dependents, and use the revenue thus obtained in order to sweep away the duties on tea, sugar, and every article of ordinary consumption except tobacco, intoxicants, and petrol?

Mr. Snowden does not deal with the effect of the war and of the immense increase in wages on the distribution of the national income between the various classes. If he were to do so, he would find that the wage-earning classes are getting a much larger share than they had before the war.

One is glad to see that. Mr. Snowden has perfectly sound views on the subject of currency. With a passing kick at Mr. Sidney Webb as "a false prophet," he smites the Labour members of the Wigan and Sheffield Town Councils for their proposals "asking for Parliamentary powers to build houses and to carry out other municipal work by means of Treasury notes." He is less orthodox on banking questions; he thinks that "the nationalisation of banks is a matter of the utmost urgency."

How would a Government official decide whether a tradesman, or a merchant, or a manufacturer was sound enough to have the advance for which he asks? Supposing the official made an advance which proved not to be justified, would the loss fall on the taxpayer, and, if so, why? We have some experience of State advances over the housing scheme, and we find, in practice, that the thing does not work; weeks of negotiation, inspection certificates, and so on are required. In business you want your advance to-day or to-morrow, not two months hence. It is a natural corollary that Mr. Snowden should want the Government to fix the Bank Rate, but, even with control of all the banks, how is it possible "for the State to effectively regulate the level of prices"?

It is a mistake (on the same page) to imagine that "the profits of the insurance companies are colossal": an examination will show that their share capitals are almost dangerously small in comparison with their responsibilities. This book naturally challenges comparison with Mr. Hobson's *Taxation in the New State*. Mr. Snowden writes with more care than does his chief rival for the post of economic adviser to the Labour Party, and his style is singularly lucid, whilst his book as a whole is free from the exaggerations so common to the political writers of all parties.

J. E. ALLEN


The Mohammedan law is one of the few subjects which it is still the fashion to present in the quaint and rather obscure
phraseology of writers who lived between the eighth and fourteenth centuries A.D., and it is seldom that an attempt is made to set forth the legal conceptions of the Mussulmans in familiar modern garb. Still less is any trouble taken to indicate the changes and modifications that have taken place in the practical application of the theories of ancient legislations to modern life. Much confusion is, indeed, caused by want of discrimination between what is obsolete and what is still in force. These are some of the causes which lie at the root of the complaint that is often made by those who have anything to do with the administration of the Mahommedan system as to the difficulty of ascertaining the rule of Mahommedan law on any given point. This evil is to some extent also traceable to a misunderstanding of the doctrine of Taqlid, which is too readily, but quite erroneously, assumed to mean that to every difficulty of practical life some theory or rule evolved by the cogitations of ancient jurists is necessarily applicable. That this notion is unfounded can be seen from the discussion of the subject in The Principles of Mahommedan Jurisprudence according to the Sunni Schools of Law.

M. Nicholas P. Aghnides' Mahommedan Theories of Finance, though not immune from the above criticism, is a creditable contribution to Studies in History, Economics, and Public Law, in promoting which the Columbia University is doing such valuable work. The book shows considerable research, and the learned author, we note, has resorted mainly to well-known and authoritative sources for his information. It is to be regretted, however, that he has not attempted to express himself in simpler language and, as far as possible, in the current phraseology of modern lawyers. By adhering to too literal a translation of Arabic juristic expressions, he has often made it unnecessarily difficult for an ordinary reader to follow his discussions. As a striking example of this we may cite Chapter VIII. in Part I.

Part I. is occupied with a sketch mostly of the topics which are generally dealt with by the Arab writers as appertaining to the science of Usul or the sources of law. The bibliography attached to Part I. is well arranged and accurate, but it is not made clear whether the author had the opportunity of consulting all the authorities mentioned there, for many of the more ancient writings are not available, at least in India, and are only familiar to students of Mahommedan law and theology through citations in the current treatises.

Part II. deals with the main topic which furnishes the title
of the book—i.e., theories of Mahommedan finance. It is divided into two sections—"Revenue" and "Expenditure"—and consists of fourteen chapters, excluding the Preliminary Remarks and the Summary and Conclusions. The discussion is comprehensive and is based on well-known works of authority, such as Hedaya and its commentaries, Fatava Alamgiri, cited as Alamkirriyyal, Durar, Minhaj, Mudawwanah, etc. But it would have been well if the learned author had pointed out, with respect to most of the old devices for raising public revenue and the elaborate rules regulating their application, that they have only an antiquarian interest, for in few, if any, Mahommedan countries have they any force at the present day. Indeed, many of these theories were never fully adopted by Mahommedan States even in the early days, and merely represent well-meaning though futile efforts on the part of theoretical legists to guide the State by a code of highly ingenious and often artificial deductions from a few simple authoritative ordinances laid down for a more or less primitive condition of society. We may also remark that M. Aghnides could have made his book more useful for study or reference if he had attempted to digest the matter and eliminated a considerable amount of obviously useless and superfluous cases which are given in the original works by way of illustration.

On the whole the compilation cannot fail to be of much interest to those engaged in the study of the history of public and administrative law among different nations. The book is well printed on good paper.

ABDUR RAHIM


In this little book Professor Rignano of Milan takes up again the proposal, which he first made nineteen years ago in his larger work *Di un Socialismo in Accordo colla Dottrina Economica Liberale*. The proposal is that the taxation of inherited wealth should be made "progressive in time"; that is to say, that, on the death of any person, that part of his property which is due to his own saving should be taxed at a lower rate than that part which has already changed hands once, by inheritance or gift, and the latter part again at a lower rate than that which has already changed hands twice, and so on. Professor Rignano contends that such a tax would actually encourage work and saving by those desirous of leaving property at their death, and would also tend to create a less unequal distribution of income. If paid in...
land or securities, it would have the further advantage, in his view, of facilitating the gradual nationalisation of land and capital, while not involving the State in the necessity of paying compensation to private owners. This proposal has been discussed by Professor Pigou in his *Wealth and Welfare* and by the present reviewer in his *Inequality of Incomes*, and has been briefly noticed by a few other writers, but it has attracted much less attention than its interest and merits deserve.

Professor Rignano’s latest book contains, first, the Italian version of his two articles which appeared in the *Economic Journal* for September, 1919, and September, 1920; second, a letter addressed by him to Signor Turati, the Italian Socialist leader; third, a series of opinions on the proposal by a number of Italian economists, of whom Professors Einaudi and Graziani are the most eminent, and Professor Rignano’s comments on these opinions; and, finally, the draft of a Bill designed to give legal effect to the proposal in Italy. Both the second and third parts of the book will be interesting to readers who start with some knowledge of Professor Rignano’s ideas. On the whole he has the better of his critics, some of whom appear not to have thought very long or very clearly before hastening to attack a project which offended their conservative instincts. Thus a number of criticisms hinge upon the alleged impossibility of following particular pieces of land or particular bundles of stocks and shares through a succession of changes of ownership, in order to determine the tax to be imposed upon them on the death of their owner for the time being. But Professor Rignano does not propose to attempt that which these critics allege to be impossible. He proposes only to divide an inheritance for the purpose of differential taxation into “quantitative,” and not into “qualitative,” portions. In other words, he proposes only to take account of the money value of the total taxable inheritance, as compared with the money value of those portions of it which have already changed hands once or twice, as the case may be, by inheritance or gift. More serious, therefore, is Professor Einaudi’s argument that changes in the value of money will disturb the working of the scheme. Professor Rignano’s reply is, first, that in normal times these changes may be neglected, “since perfection is not of this world,” and, second, that these changes could be taken into account, if it were thought worth while, by means of an index-number, presumably of capital values. The same reply might be made as regards changes in the rate of interest. Changes markedly greater than the average in particular groups
of capital values, strong cases of "unearned increment" or decrement, might require further special adjustments. But this is a point of detail. Professor Rignano's letter to Signor Turati sketches a scheme which, he thinks, should be immediately adopted. Existing inheritance taxes should remain unchanged, but two super-taxes should be added when the total inheritance is greater than a certain amount. The first would apply to that part of the property of a deceased person which had already changed hands once by inheritance or gift, and would absorb half the net inheritance after the deduction of existing taxes. The second would apply to that part which had already changed hands twice, and would absorb the whole of the net inheritance after the deduction of existing taxes. In order to give the scheme an early start, it would be assumed that the property of all persons living at the moment when it came into operation consisted, as to two-thirds, of the results of their own saving and, as to one-third, of property which had already changed hands once by inheritance or gift. Payment might be made in Government securities, which would be cancelled on receipt; in land, which would be handed over to local authorities; or in industrial securities, which would be handed over to the appropriate trade unions and thus confer upon the latter, so far as ordinary shares were concerned, some degree of shareholders' control. Both local authorities and trade unions would be required to pay into the National Exchequer two-thirds of the rents and profits which accrued to them under these arrangements.

In passing judgment on Professor Rignano's scheme, it is well to begin by considering, purely as a fiscal instrument, the type of inheritance tax proposed by him. The theoretical advantages of such a tax are great, so far as its probable effects on work and saving are concerned. On the other hand, there are evidently practical difficulties in the way of its application. But it does not appear that these would prove insurmountable, if it were thought worth while to make an effort to surmount them. The desirability of using such a tax as a means of nationalisation is a quite separate question, and obviously depends upon one's view as to the desirability of nationalisation, whether in general or in particular cases. Assuming nationalisation to be desirable, there is much to be said for Professor Rignano's method of nationalising; assuming it to be undesirable, there is still much to be said for his method of taxing.

This book renews in me, so far as this country is concerned, two old desires. The first is for a Royal Commission, containing
a fair complement of economists, to inquire into the whole body of our law relating to the inheritance of wealth. The second is for an English edition of at least the more important parts of Professor Rignano's valuable and suggestive writings on this subject.

HUGH DALTON


The author of this substantial and ably-written book is Professor at the Bocconi Commercial University at Milan. His apparent object has been to provide a suitable text-book for use in connection with a Commerce Degree Course of the more enlightened type, in which a study of general principles is illustrated and supplemented, but not supplanted, by a detailed study of commercial and industrial facts. Accordingly, though he succeeds in deploying effectively large bodies of facts, chiefly from Italian sources, his exposition never degenerates into mere uncritical narration, and never ceases to be analytical in spirit. The first four parts of this book, dealing respectively with the Field of Economics, with Elementary Economic Operations, with Wealth, and with Demand and Supply, occupy 260 pages. The first three parts are markedly preliminary, but contain much lucid discussion of economic concepts and definitions. A notable feature of this discussion is the prominence given to ideas derived from jurisprudence and commercial law. The almost complete divorce between economic and legal studies in this country is often a source of weakness both to economists and lawyers, and the advantages of a closer connection are illustrated by Professor Gobbi's treatment, for example, of the idea of property (pp. 62-76). As regards income, I am glad to have his support for two propositions which I have maintained elsewhere, first, that it is reasonable to include in any person's income during any period all inheritances and gifts received during that period (pp. 80-1), and, second, that periodicity is not a necessary attribute of income (pp. 85-6). On this latter point his views agree, on the practical side, with the recommendations of the British Income Tax Commissioners regarding "casual profits" and the proper interpretation of the phrase "annual profits."

Though he does not develop it in detail, Professor Gobbi appears to hold a theory similar to that of Mr. Hobson on "unproductive surplus" (pp. 246-9). This theory is invoked in his discussion of the elusive ideal of "social justice" in distribution. "To the capitalists should be given no more than is necessary
to secure the formation and accumulation of capital in its various applications; all the rest should go to the workers, not in order to reward them justly for their work, but in order to improve their condition as human beings” (p. 258). But not so easily is the tail of justice salted. Of how much capital is the formation and accumulation desirable? And what balance is to be struck between the desirability of a more equal present distribution and a greater future accumulation? To these questions the unproductive surplus theory gives no adequate answers, though Professor Gobbi, as distinguished from Mr. Hobson, does not deplore the fact that an abnormally large fraction of unproductive surplus is liable to be saved. But, passing over these difficulties, Professor Gobbi pricks many verbal bubbles when he declares that “at bottom those who speak of social justice believe that it should come about by means of an improvement in the condition of the working classes, but instead of saying this straightforwardly, they seek some higher principle from which this can be deduced as a logical consequence” (p. 258).

Part V., which occupies considerably more than half the book, deals with Industrial Organisation, and is subdivided into five sections—Industry, Enterprise, Enterprise in Relation to Consumers, Financial Resources and Human Resources. Among the subjects treated at some length in the course of this part are the various forms and methods of the co-operative movement, of State intervention in industry, of public finance, and of the remuneration of labour. As regards public finance, Professor Gobbi elaborates a fundamental principle, which is none the less sound in that it is seldom stated and difficult to apply to practice. “As in private expenditure a person distributes his consumption in such a way that the marginal lira has the same importance in whatever direction it is expended, so in the systematisation of public finance one should aim at this result, that, in the opinion of those who determine public policy, the marginal lira should have the same importance, that is to say should be equally well expended, whether left in private hands or handed over to the State” (p. 361). In his discussion of public borrowing, as compared with taxation, he is a little unguarded in asserting that “in no way can one generation throw any burden whatever on to successive generations” (p. 380). For, in order to make this proposition true, the word “burden” must be interpreted narrowly. His summary of the class interests favourable to a war-time policy, in which borrowing predominates over taxation, is illuminating. But it is doubtful whether many of those concerned reason so
clearly as Professor Gobbi assumes on a subject which has led to some differences of opinion even among trained economists.

His comparison of various methods of wage payment is facilitated by an excellent diagram (p. 564). From this the conclusion, to which Mr. Cole and others have already drawn attention, leaps to the eye, that current "bonus systems" are equivalent to regressive piece rates, and are thus natural objects of suspicion and dislike to wage-earners. Professor Gobbi defends such systems on the ground that they afford some guarantee to the operative that increased production will not lead to rate-cutting by employers (p. 566). But surely this is only because the systems themselves provide that the rate shall be cut automatically. The automatic cut, moreover, differentiates against the more efficient worker. Another point of some interest is the argument (pp. 164 and 447) that the supply of new capital is very inelastic. If this be true, it may seem that current doctrines on the effects of taxation on saving, and also part of the theory of distribution, as developed, for example, by Professor Pigou on the assumption that the demand for labour is distinctly elastic, will need to be reconsidered. Professor Gobbi, however, does not distinguish between the elasticity of supply of new capital in the world as a whole and of that seeking investment in a particular national area. But it is obvious that the latter elasticity will generally be much larger than the former. A statistical investigation into the elasticity of supply of capital might yield some very valuable results. Perhaps Professor Gobbi, with his rare combination of analytic and realistic gifts, will put his fellow-economists under a further obligation by undertaking such a study.

Hugh Dalton

The Slippery Slope. By William Amias Bailward, M.A.

(John Murray. Pp. viii + 236. Price 10s. 6d.)

There is no student of social history but must have sometimes felt keenly the waste of experience implied in the passing of the generations. Our fathers experiment and fail and succeed; by some of their lessons we profit, others we let slip; and it would seem that more often than not our children insist on beginning again de novo, and repeating all the old mistakes. In our happier moods we hope that this is not the whole case; that the new start is made at a higher level, and that it is on the whole better that each generation should make its own experience, with all its chance of failures, rather than be fettered by a past which is not its own. The constant appeal to living experience is the great
safeguard in social administration; and it is this appeal, combined with a ripe wisdom and wide knowledge, which lends so great a value to the essays contained in the volume before us. The late Mr. Bailward was eminent among social workers of London for his long life of devotion to the help of the poor; the centre of his work was the Board of Guardians in Bethnal Green, and from that it radiated in many directions; it is said that at the time of his death he was member of thirty-five committees. He was able, therefore, to draw upon a rich store of experience, which his sense of humour and facility of expression enabled him to present in a most attractive manner. The "Notes from a Workhouse Examination Committee" should be read by everyone who is inclined to regard the problem of pauperism as a simple one; and the paper on "Democracy and Local Elections" deals with a question of growing importance. It contains a full analysis and description of a local election (1904) in London, and sums up that "there is no reality in our system of popular representation in local government. We hear the voice of political clubs and coteries, of churches and chapels, and of late especially the voice of a small but well-organised socialist party. The voice of the people is conspicuously silent; about one-eighth of the electorate only voted, and that under great pressure. . . . The system has got into a rut out of which it is essential that it should be extricated."

In addition to the papers recording the author's own experience, there are others which treat of the history of Poor Relief both in ancient and in modern times, and others, again, which describe many of our numerous modern experiments which are not yet relegated to history. There are also criticisms of both the Majority and Minority Reports of the last Poor Law Commission, neither of which was wholly approved by him.

H. Bosanquet


Professor Kirkaldy aspires in this volume to explain "in a lucid and popular manner the fundamental facts in the production of wealth, and the causes which regulate its distribution." In a word, he succeeds; though (as is usual with such volumes) the treatment of production will probably give more satisfaction
to the uneconomic mind than the pages which deal with distribution. The author very cogently points out that all the fundamental problems of economics are met with at an early stage of human civilisation; and he believes (partly on the optimistic ground that “experience teaches that this is a well-ordered world”) that behind our economic activities, early and late, lie certain “natural laws.” Thus all production is controlled by a Law of Substitution. The law makes the producer juggle with the three factors of production until he effects the most satisfactory combination. To each of these factors Professor Kirkaldy devotes one chapter, describing what it does and how it is paid. Land earns rent which is the excess product traceable to superior quality. The author succeeds in presenting what is true in the theory of rent without giving it as ludicrous an appearance as it only too often wears in economic text-books; though he does once slip (page 33) into talking of “doses” of capital and labour, without previous explanation of a term which offers an easy target for the ridicule of the “practical” man. In his chapter on “Labour,” Professor Kirkaldy explodes the wages fund theory, explains that greater production is the only source of higher wages, and that real wages are different from nominal wages; and he has a few pages on the Wages System and the different methods of remuneration exhibited by this system. He suggests that we may be approaching the time when the payment of labour will be made in the lump to the unions concerned, and distributed by them on their own principles to individual workers. What the book has to say about capital may be summed up in its closing sentence: “The wealthy man who invests his money rightly benefits the whole community, and he has a right to expect a return for the benefits conferred.”

There is no doubt that the book is excellent of its kind. It is a remarkably clear account of the simplest economic truths, and it is well furnished with concrete illustrations. But for all that it makes the reader sigh. Professor Kirkaldy is not (apparently) writing for the nursery; but it is deplorable to think that anybody of years of discretion needs to be told matters so elementary. Do we really need a Law of Substitution to explain that you generally do a thing by the best method known to you? On page 77 “agreed” looks like a misprint for “argued.”

BARBARA WOOTTON

It is not the function of a text-book to be original. Accordingly, there is little in this book that cannot be found elsewhere. But that is not to say that what it contains is elsewhere as conveniently put. In the note on further reading at the end of the volume, the author states uncompromisingly that “Marshall’s Principles of Economics must be read.” His own book does, in fact, provide a readable, boiled-down version of the contents of that standard work. Mr. Cunnison writes of the production, distribution and exchange of wealth. Wealth is created by factors of production, known as land, labour and capital, of which the two last-mentioned are themselves products, with Malthusian problems and psychological problems attending their production. These factors are organised for the business of wealth-making in a variety of different forms, ranging from the one-man business to the Trust. When produced, wealth must be exchanged; and this process, Mr. Cunnison explains, takes place in accordance with relative values. From value we turn naturally to prices, and learn how these are affected by “(a) the supply of gold, (b) the amount of other wealth, (c) the amount of work the gold has to do.” Prices, however, are not only a domestic affair. International price-levels are bound together by the working of the foreign exchanges. It is a pity that the present discontents of money and the exchanges are dismissed in two short paragraphs, and those too between brackets. Mr. Cunnison leads us to infer that there is not much amiss with an identification of money and the gold standard. Students of economics must necessarily be nourished to a large extent on pre-war treatises. They are apt in consequence to assume with sublime academicism that the conditions described in those volumes are as eternal as the principles predicated of them. For this reason we should be grateful if post-war authors would not write past history in the present tense.

In his treatment of rent and of distribution in general the author is broadly Ricardian, though he does not ignore more recent contributions to the subject. He believes that the individualistic system of industry, which is the ultimate assumption of the classical theory of distribution, has a future before it; and he sees confirmation of this opinion in the rapidity with which we are shaking the dust of war-time Socialism from our feet.

As an extremely lucid exposition of classical economic theory,
this book will be a very useful addition to our shelves. We could
have wished, however, that a volume, which describes itself simply
as *Economics*, contained a little more fact to bolster up its theory.
The economist is rightly sensitive to the charge of unreality.

**Barbara Wootton**

*English Political Theory*. By Ivor Brown, B.A. (Methuen
and Co. 1920. Pp. 177. Price 5s. 6d. net.)

This volume sketches the development of English political
theory from the ecclesiastical conventional theory of the Middle
Ages to the latest doctrines of “functional democracy.” It is
written from the point of view of one to whom the modern terri-
torial State is Leviathan in his most revolting form. One does
not need to read very far to acquire a very definite mental picture
of the author and his opinions, and one need not read further
than the first page to learn that the book is brilliantly written,
and abounds in epigrammatic phrases to which the reader is
constantly impelled to turn back that he may ponder their
meaning further. While he feels the charm of mediævalism, the
author rebels against Tudor nationalism; and yet he is tender
towards Hobbes and even believes that, “had we been better
Hobbesians and taken his theory of sovereignty and his plea for
unity to heart, there might have been no European War.” The
great journey of thought from the Law of Nature to absolutism,
and from absolutism back to natural rights, is vividly described.
As might be expected, the author is bitter in his denunciation
of Burke (but tolerant enough to admit that “as a conservative
pamphleteer Burke’s eminence cannot be disputed”). He is,
more unexpectedly, loud in his admiration of Benthamism, for
all its wearisome prosing. But the key to Mr. Brown’s attitude
towards utilitarianism, as, indeed, to his attitude towards any
political theory, lies in his firm conviction that fine phrases are
but fine phrases, and deadly in their finery. There is no such
thing as the welfare of the State as distinct from the welfare
of Tom, Dick, and Harry. The book concludes with an appeal
for the disruption of the State from within by greater freedom
of association on “functional” lines, and from without by the
spread of internationalism.

The author’s opinions are fashionable to-day; but the fashion
has not yet gone too far to be anything but a healthy reaction
from the “tyranny of institutions” which has thrived under the
blessing of Hegel and the idealists with their transcendental
chatter. Mr. Brown should, however, be careful lest in presenting these opinions he allow his gifts to be his own undoing. Thus on page 3 the phrase "a thousand 'ares' do not make a single 'ought'" is striking enough. But when it has been repeated (in one form or another) four times in the course of the book, we begin to think that all is not gold that glitters.

On page 91 "ever" is misprinted for "never."

BARBARA WOOTTON

The Economic History of Ireland in the Eighteenth Century.
By George O'Brien. (Dublin and London: Maunsel and Co. Pp. viii+446.)

The study of Irish history on the economic side appears to be passing into a new and more scientific phase. Up to recent time the treatment of economic conditions by Irish historians was of a superficial and unsatisfactory character. Lecky's failure in this respect is significant; he hardly ever gets beyond the merest external sketch of the economic situation, and, where Lecky is found wanting, little can be expected from the many partisan writers who have discussed questions of industry and trade. If J. E. Cairnes had been able to complete his Fragments on Ireland, he would have given a luminous and philosophic interpretation of Irish economic development that would have ranked with his Slave Power and been invaluable to historians and economists. Unfortunately this was not to be. It is only in the present century that we get such an impartial study of one section of history as that of Miss Murray. The establishment of a Faculty of Commerce in the National University of Ireland has supplied a centre for special research into the economic aspects of Irish life, and the valuable book before us is one of the earliest products of this school.

The subject of Dr. O'Brien's work is the eighteenth century taken in its economic aspects. After an unnecessary apology for trespassing on the field occupied by Lecky and Froude, he gives ample justification by his very careful and thorough examination of the economic phenomena of this troubled period. Beginning with the people, he passes on to the difficult and intricate problems of the land. In natural sequence the history of trade and industry is examined, and this is followed by a study of public finance, taken with a very wide meaning. The concluding section is devoted to a consideration of the political influences that have played so large a part in determining the course of Irish economic life. Though some improvement in the grouping of
the several topics might be suggested, the plan of arrangement is convenient and easily followed. Dr. O’Brien’s study of the available material has been very full and careful. He has gone over the many writings of a fugitive character in which the questions of the day were treated and has extracted their substance in order to produce a clear and intelligible picture of the Ireland of his selected period.

That picture is, on the whole, a melancholy one. From the opening of the century down to the beginning of its last quarter the oppressive régime of the penal laws and the accompanying grievances of land tenure were in operation. So were the hampering trade restrictions. A brighter time comes with the introduction of the “free-trade” gained by political action, but this winds up with the grave economic disturbances that accompanied the Rebellion of 1798.

This section of economic history is one which so plainly belongs to the division of social pathology that we naturally ask the inquirer to give a diagnosis of the disease that has affected the society. Dr. O’Brien’s judgment on this issue is emphatic. After his review of the several aspects of Irish economy, and before passing to the specially political forces, he tells us that: “The principal causes which tended to impede Irish prosperity, and to prevent the country from progressing along the lines of normal development, may be briefly summed up as follows: (1) The restraints on Irish trade and the consequent ruin of manufacturing industry; (2) the evil land system; (3) the penal laws; (4) absenteeism; and (5) the political dependence of the Irish Parliament. These causes were not independent, but inter-related.”

Before dealing with any of the detailed points which support this summary statement, we may consider whether the order given above indicates the relative importance of the several evil influences enumerated. It appears to us that the whole weight of evidence leads directly to the conclusion that the one great outstanding evil was the system of the penal laws against the Catholics. This, it may be noted, was the view of both Adam Smith and Arthur Young. The former supported a union with Great Britain on the ground that by it Ireland would gain not only freedom of trade, but “other advantages much more important,” viz., “deliverance from an aristocracy, founded in the most odious of all distinctions, those of religious and political prejudices” (Wealth of Nations, II., 430).

Young waxes eloquent on this point. “Surely the gentlemen of Ireland, when they complain of restricted commerce and the
remittance of the rentals of the absentees to England, cannot be thought serious in lamenting the situation of their country while they continue wedded to that internal ruin which is the work of their own hands. Complain not of restrictions while you yourselves enforce the most enormous restriction; and what are the body of absentees when compared with the absence of industry and wealth from the immense mass of two millions of subjects. . . . Both these evils, great and acknowledged as they are, are trifles when compared with the poverty and debility which results from the oppression of the Roman Catholics” (Tour in Ireland, II., 68). No interpretation of Irish history during the last two centuries can be of real value unless it takes into full account what Cairnes described as “the truly Egyptian tyranny under which the Irish groaned.”

Coming in a lower rank, though very serious in its effects, was the system of land tenure, modelled in seeming resemblance to that of England, but applied under far different circumstances and with a very different historical background. Competent legal opinion has noted the absence of copyhold tenures in Ireland, and this of itself conveys an instructive lesson. It shows that there was no slow growth of custom to consolidate and adjust the claims of the various sections of the agricultural community. The era of confiscations, as the seventeenth century has been called, had put the power of the landowning class in sharp contrast to the helpless state of the occupiers. Reinforced by the penal code, the imported English land law checked the progress of agriculture and contributed powerfully to the lowering of the labourer’s efficiency, as well as retarding the growth of capital which depends so much on an established sentiment of security. The harassing restrictions on trade, the alienation of the wealthier nobility, and the control of the Irish government in England’s interest are light in the balance when weighed against the penal laws and the land system. One great service of the book before us is the way in which it gives full and adequate material for forming a correct judgment on the many disputable points of this period of economic history. The detailed accounts of the penal statutes, of the land legislation and the commercial restrictions, while they somewhat detract from the liveliness of the book, increase its value to the real student.

It is only possible to notice a few of the special matters of interest where the reader may hesitate in accenting the author’s view. One is presented in the treatment of the Irish land tenures. Dr. O’Brien seems to us to fail to realise the unique-
ness—so to speak—of the Irish system. It in essence consisted in applying conceptions appropriate to an advanced society to one that had not reached much beyond the medieval stage. The cottier was on the whole worse off than the villein, but his status was altogether different. Nothing would more serve to throw fresh light on the Irish agricultural economy of the century than a careful study of the real operation of the cottier system and its relations to the tenancies of more secure character. It should also be noted that in economic discussions a much wider application is given to the term "cottier," so as to include "all peasant farmers whose rents are determined by competition" (Mill, Book II., Chap. ix.).

One curious omission is the absence of any reference to the system of "tenant-right" that was at least coming into being in Ulster. Our author's opinion as to the difficulty of obtaining evidence on the origin of such a useful form of tenure would be very interesting.

In his treatment of the course of trade and industry Dr. O'Brien has first supplied an account of the condition during the long time of restriction, and has then proceeded to show how, in his judgment, the establishment of Parliamentary independence produced a complete change and initiated a period of remarkable prosperity. The evidence as to the progress of the several industries is effectively marshalled and supported by well-arranged tables. In some cases there may be a little hesitation in implicitly accepting this cheerful exposition. Thus we feel that Dr. O'Brien has given too favourable a picture of the growth of the cotton trade (pp. 275-77). "The principal seat of the industry was at Belfast, where in the year 1800 it gave employment to 27,000 people. . . . In 1802 the cotton manufacture supported 600,000 people." When we remember that in 1813 the population of Belfast was only 27,832 (p. 373) and that in 1800 the number of looms in Ireland was 20,500 (p. 277), we know that a drastic revision of the estimate is necessary.

More important than the details of special industries is the general question as to the position of Ireland in relation to the series of changes to which Toynbee gave the serviceable, though in some respects misleading, title of "The Industrial Revolution." On this subject Dr. O'Brien takes a decided stand. In opposition to the view propounded by the Irish Labour leader, James Connolly, he maintains that the changes in industrial organisation and equipment that were so marked in England did not speedily extend to Ireland, from which it follows that the
growth of Irish industry was not—as Connolly argued—a result of the Industrial Revolution, but was altogether due to the beneficent action of Grattan's Parliament. It seems clear that on the particular issue of the existence of anything approaching a "Revolution" in industry the answer must be, in current phrase, in the negative. The truth is that the Industrial Revolution of Toynbee's conception was, in the eighteenth century, confined to England. A reference to Levasseur's great work will show that it did not extend to France. In fact, for countries outside England, the nineteenth century was the time of industrial change. It is, moreover, true that the necessary conditions for such a movement did not exist in Ireland, either on the industrial or the agrarian side of economic life. This is one of the reasons for a separate treatment of Irish economic history. The attempts of the compilers of the manuals of English economic history to work in a chapter on Ireland are simply ludicrous.

The section on "Public Finance," or, as Dr. O'Brien more fitly styles it in his Introduction, "Public Wealth," affords much information on money, banking and means of transport, as well as on revenue and expenditure. The comparative freedom from tax burdens that Ireland enjoyed in the eighteenth century is clearly shown. "On the whole the Irish had little to complain of in the way of taxation. The injustices which distinguished Irish finance did not appertain to revenue, but to expenditure. We may invert Froude's epigram, and say that, if the Government cost little, it did nothing" (p. 314). Corruption was the great fault of the Irish administration all through the century. This failing was made easier to indulge in, owing to the less-developed character of Irish financial organisation.

As is only natural, the closing chapter is devoted to an account of the Union with Great Britain, but the author justly points out that in the carrying of this measure economic considerations were subordinate to political ones, and that the economic effects of the Union belong to the history of the next century.

As according to an old doctrine a reviewer is bound to have some complaint to make, we may ask why Dr. O'Brien has not followed the good example set by Miss Murray and added a bibliography, in which Pocock's Tour should have found a place. He might even have done better by supplying an index, which is particularly needed in a book of this kind. There is also the statement that Arthur Young was "a keen and successful farmer" which is hardly in keeping with what we are told of his monetary difficulties.

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Our author claims that he "has endeavoured to treat the subject of this book in an impartial and detached manner, and has striven to describe the economic conditions of Ireland without obtruding his own opinions or prejudices; above all, he has sought to avoid making use of an economic study to mask a political diatribe" (p. 436). In this laudable endeavour he has, it can be truly said, completely succeeded.

C. F. Bastable


This work is evidently the result of the attention now being given to the subject of economic history in University courses and to some extent in the higher classes of schools. There has been quite an outflow of small manuals dealing with English history on the social and economic side. The same feature is now appearing in Ireland. Such books can only be useful when based on the more elaborate inquiries of original investigators.

Without the aid of the labours of Thorold Rogers, Cunningham and Ashley, the English popular manual would be almost impossible. Unfortunately, in Ireland this indispensable basis is lacking, and therefore great allowance must be made for the writer of such a work as the one before us. Looked at in this way, Mr. Burke may be regarded as having been fairly successful. In a series of chapters he traces the various phases of the industrial history of Ireland from the condition "under the Brehon Laws" to the state of things in 1850. It is obvious that the treatment must be a little uneven. It would take a committee of experts in early legal and social conditions to appraise the value of the summary matter given in the first chapter. In the same way, the twenty pages devoted to the four centuries succeeding the Norman invasion contain propositions that naturally give rise to question. How far, e.g., is it true that "from the thirteenth to the seventeenth centuries the industries which Ireland had developed under the Brehon Laws continued to expand"? (p. 20). A great deal of the evidence as to the condition in the fifteenth and sixteenth centuries is certainly to a very different purport. The dogmatic statement may admit of explanation and justification, but there is no room for this in a short handbook.

The later chapters have a better-prepared ground, and Mr. Burke has managed to bring together a considerable body of facts
respecting the industry, commerce and industrial organisation of Ireland in the period from the Plantation of Ulster down to the crisis of the famine of 1846. The disturbances and confiscations of the seventeenth, the repressive measures of the eighteenth, and the economic changes of the earlier nineteenth century are sketched in some detail. One criticism to which the writer lays himself open is that of over-liberality in bestrewing his text with figures. Thus the matter contained in the sections on the Provision Trade (pp. 123-5, 187-9) is hardly readable, and certainly impossible to remember, though it might serve the evil purpose of being used as a test of “memorising,” such as once did exist in Irish Intermediate examinations. The placing of such figures in suitable tables would have relieved the text and decidedly improved the book.

A large number of interesting questions are raised in the course of the history. Such are: (1) The interpretation of the returns to Irish trade. Mr. Burke seems to attach undue importance to the “balance of trade”; but the curious discrepancies between the English and Irish custom-house figures are instructive as to the difficulty of reaching the truth.

Again, (2) there is the question of the origin of the Irish trade unions about which a good deal of doubt still exists. The hostility of O'Connell to the demands of the unions which led to violent attacks on him is noted, without, however, any attempt at interpreting the real condition.

In any re-issue of this work the author might consider the advisability of further breaking up the sections and introducing marginal notes. Some indication of the material used in each chapter would also be an improvement. The student, when beginning the reading of economic history, wants all the aid that he can get.

C. F. BASTABLE


The main theme of both these books is economic evolution during the last 150 years—a subject and a period which have received in the past small consideration in public schools. A precise knowledge of the gruesome details concerning Jenkins'
Ear affords little consolation to the young economist when challenged to uphold or refute Dean Inge's statement\(^1\) with regard to our present treatment at the hands of the miner and bricklayer, that "nothing more scandalous, and nothing as ruinous, was ever done by the captains of industry in the days before the Factory Acts."

To answer, or to indicate answers to, questions such as this and so to help to fill a gap in one of the most important sections of our history is the object of these books.

Mr. Rees' "main purpose is to provide, within as small a compass as possible, the historical background necessary for the study of modern industrial and social questions." These words from his Preface are rather more modest than the somewhat grandiose title might lead one to expect, but they constitute an ambitious task for such a small compass. Economic history is peculiarly difficult to compress, because few, if any, of its phases seem to have any clearly-defined starting-point or ending; there is generally some indispensable long-drawn-out preliminary leading up to the big change. Thus Mr. Rees devotes his first two chapters to a compact yet comprehensive aerial survey of events before 1815. If the supplementary chapter on the recent war be excluded, there remain but 130 small pages of large type to justify his title, and into this space Mr. Rees has shepherded a large number of facts and events—social, industrial, and even financial. There is little time for discussion or expansion, and the inevitable result is that just as the reader is getting interested in a point, he is hurried on to the next. This is very much to be regretted, as Mr. Rees is an able writer. The ground covered includes Factory Regulation, Trade Unions, Poor Law, Trade Policy, and Municipal Government; their mutual relations are well shown. The effect, however, on the beginner is somewhat confusing, and the main value of the book to the student rests on the fact that it is compact and accurate and therefore suitable for revision purposes.

Though published in 1919, with no hint of a previous edition, Mr. Slater's book was written two years before the war. The date 1912 in his Preface is the only indication on the surface that the matter is not up to the date of publication. That is, to say the least of it, misleading, and should be remedied.

With this limitation the book may be strongly recommended as one of the books necessary for the beginner in the study of economic history, and Mr. Slater has certainly earned "the most

\(^1\) Times, Sept. 4, 1920.
modest degree of success" with which he says he would be content. He aims at setting out in simple language "those facts . . . which it is most important for English men and women to know." He appreciated, in 1912, that, "for the citizen, historical study . . . is an imperative duty." How much more so is it to-day.

The first six chapters cover the period up to the first Reform Bill. The histories of the rural and urban workers are traced from early times to the distress during the "Peace without a Parallel." Enclosures, Poor Law, and Factory Conditions are very well discussed. "The Firstfruits of Reform" introduces another series of good chapters. Those on the Poor Law, Municipal Reform, and Factory Legislation are excellent, as is "The Progress of the Industrial Revolution during the Forty Years' Peace." The sub-heading "Railway Regulation" has some interesting points, and "Transport and Manufacture" is worth reading twice. In it the revolution in transportation is stressed, and rightly so. The engineering industries "have given us a new aristocracy of labour to take the place of the hand-loom weavers" (133).

The Labour Movement from 1825 to 1855, Free Trade, Public Health, and Education are worthy of the separate chapters they command, and the last two contain material that is not to be found so conveniently elsewhere. "Industry and the Worker from 1846 to 1879" paves the way for a very interesting and suggestive chapter (XX.) on the effects of American and German influence on British industry. One cannot help thinking of a series of well-written extracts from provincial guide-books when reading the chapter on "Municipal Life," but that does not make the facts any less valuable or impressive. Few appreciate that "there is no city in Great Britain which has a greater variety of municipal activities than Glasgow" (216). Perhaps Necessity . . .

In addition to a sketch of the Labour movement in recent years, the last thirty pages contain an interesting résumé of pre-war opinion on the Industrial System, the Constitution, and Imperialism. There is a hint of the need for a League of Nations. A chronological summary and four charts on prices and population will be found useful. The index is inadequate in each of these books. The author has endeavoured to keep a fair balance between Individualism and Collectivism, but a sympathetic inclination is distinctly noticeable towards the latter in several passages.

For the student history consists largely in material selected
judiciously and arranged in illuminating fashion. To measure the degree of importance which should be attached to any particular event—that is one of the student’s chief difficulties, and one in which he needs most guidance.

Perhaps, after all, Mr. Lytton Strachey is right: “The history of the Victorian Age will never be written; we know too much about it.”

J. H. Mann

The Good Government of Glamorgan: The Case for County Borough Areas. By J. T. Mardy Jones. (Published by J. T. Mardy Jones, Pontypridd. 1s. 3d.)

This book bears upon a wider subject than its title indicates. A large proportion of the municipalities are finding their existing areas too restricted for their modern needs. The town-planning Acts, the national housing scheme, the supervision of dairies and slaughter-houses, the provision of allotments, the preservation of open spaces around growing towns, the control of the transport for those living at a distance from their work, the general expansion of towns into the country—all these factors are compelling municipalities to seek an extension of their boundaries. The difficulties created by this movement have been brought most prominently to public notice by the conflicts between the different local authorities in the West Riding. Bradford, Halifax, and Wakefield have proposals for extension. Leeds proposes to more than double its area. Sheffield proposes to almost quadruple itself, and incidentally to absorb the county borough of Rotherham. Rotherham has similar proposals of its own. For each such scheme by itself a strong case can be presented, but, as the recent action of the Ministry of Health has shown, no great progress is possible until the problem presented by the administrative county has been answered. In the West Riding, for example, the acceptance of all the proposals for the extension of county borough areas would diminish the rateable value of the administrative county by one-fourth and leave it like a sponge made up of holes. The question has received less general notice, but is as acute in Glamorganshire. There, if the proposals of the most ambitious advocates of extension were carried out, the administrative county would lose 90 per cent. of its population and consist of a number of isolated strips, whose only bond of union would be common officials. The subject is further complicated by the recriminations between different municipalities accusing each other of wishing to “grab” the most valuable rating areas. Here Mr. Mardy Jones enters the field with a proposal both bold and simple.
It is that the difficulty of the administrative county should be solved by its disappearance. The county would be divided up into eight or ten county boroughs which, by an agreed scheme, sharing out the good as well as the poor rating areas, would absorb the whole of Glamorganshire. The case is argued with great local knowledge and embellished with attractive suggestions, such as that sweltering industrial municipalities like Swansea and the Rhondda should have their “place in the sun” on the Bristol Channel and include a seaside pleasure resort. Glamorganshire, with its divisions into clearly demarcated valleys, lends itself to Mr. Mardy Jones’ proposal more easily than any other county, and the need for smaller units of local government than county boroughs is less than in more rural counties. The discussion which his proposal has raised will be useful for any such wider inquiry as the West Riding County Council requested.

H. B. Lees-Smith

Valuta und Finanznot in Deutschland (The Exchanges and Financial Distress in Germany). By JULIUS WOLF. (Stuttgart. 1920.)

In this paper Professor Wolf, of the Technical High School at Charlottenburg, points out that in 1920 goods in Germany cost twelve or thirteen times as much as they did at the beginning of the war. Abroad the value of German currency has fallen still lower. As gold itself has lost approximately half its purchasing power, the price of foreign bills would thus amount to one-sixth or one-seventh of their original value; actually the price has fallen to one-tenth.

This depreciation of the currency is felt by different classes in varying degrees. While the prices of commodities in Germany have risen to as much as thirteen times their pre-war standard, workmen are receiving wages from eight to ten times only as high as formerly. The salaries of clerks have risen a little less, and officials have to be content with a still smaller rise. The income of the highest salaried posts has been trebled, and a great many writers, artists, private teachers and scholars would be glad of even this increase. Worst of all, however, is the position of those capitalists who invested their capital in bonds, mortgages, or analogous securities, their revenues having remained nominally unchanged.

The depreciation of the currency was accompanied by a quite illusory industrial prosperity, large nominal profits being realised at the expense of real wealth. Further, the depreciation of the
currency often caused depression in trade in consequence of the inevitable fluctuations in the prices of foreign exchanges.

According to Professor Wolf, the main causes of the depreciation of German currency are to be found, first, in the transactions of speculators; secondly, in the insatiable demand of Germany for foreign goods, especially foodstuffs and raw materials, of which she was deprived during the blockade and now needs more than ever; and, lastly, in so-called inflation, i.e., an unscrupulous over-issue of bank-notes. Foreign loans might enable the German Republic to restore the equilibrium in her foreign trade, but the author apprehends that in a very short time her exports would again be unequal to her imports, since it is impossible for the next few years to check or diminish inflation; consequently prices must rise, and accordingly prevent commodities being easily sold abroad. Public expenditure in 1920 was more than three times the amount of public revenue: taxes, originally intended to diminish the currency, do not even cover an adequate part of the deficit in the Budget.

The gigantic proportions of public expenditure are to be accounted for primarily by the liquidation of a war which went beyond the strength of the German nation, and by the financial burdens of the Peace Treaty. The heaviest of these burdens at present is the compensation of the former owners of ships, goods and assets abroad, which were retained and confiscated by the Allied and Associated Powers. To this must be added the large sums spent on the occupation of the Rhineland, and on those of the Reparation claims which have already been discharged.

The greatest obstacle to economic recovery, however, is the weakness of the Government. It cannot reduce its expenditure to the extent which its revenues demand; in order to avoid rebellion, it has to respect the wishes of the masses and officials. Thus the German Government has no alternative but to throw large sums of new bank-notes on the market to pay for what has to be paid. The author therefore comes to the conclusion that the price of German bills of exchange has not by any means as yet touched bottom.

E. Schwiedland


In my own Political Economy (Volkswirtschaftslehre, 2nd ed., Vienna, 1920, Wila) I attempted (Chap. II.) to give a short account of the origin and the primitive forms of economic life.
I was therefore particularly glad to find such an eminent ethnologist as Dr. Koppers, the missionary, and editor of the well-known review, *Anthropos*, dealing with "the earliest forms of human society in the light of modern ethnology." Of the seven lectures which his book comprises, some deal with the origin of economics and the first forms of property, others with primitive families and primitive states, others again with the beginnings of religion and morality as well as personal and material culture from an ethnological point of view. The matter of this book is equally historical, critical and positive, and it states, in short and comprehensive form, the results of the most recent researches of the ethnological school of Ratzel, Frobenius, Graebner, Ankermann, Foy and W. Schmidt. This new, positive, historically-descriptive method differs profoundly from that of the philosophical sociologists, whose imagination played far too large a part in their work. This treatise contains, besides theoretic truths of considerable importance, statements of hard fact and information of the highest practical value.

E. SCHWIEDLAND


After making a comprehensive criticism of present-day civilisation, Mr. Bondam, a Dutch scholar, advocates a new theory of hereditary succession. In his judgment, everybody within a given territory should receive an equal share of money out of the aggregate inherited wealth of each year. This would constitute his portion of the sum-total of bequests. To avoid unfair equalisation—since with the same sum of money, owing to differences in the cost of living, a peasant is very much better off than a townsman—the author proposes a distribution over small districts, with about 200,000 inhabitants in each. Within these districts there should be equal diffusion of the given inheritances. At the end of each year every adult person is at liberty to dispose of his total, the share of minors to remain in a public bank until they come of age. From the adoption of this system the author expects many beneficial social, economic and political consequences, due to the resultant equalisation of economic opportunities for everybody.

E. SCHWIEDLAND
Professor Mitscherlich, the present Professor of Economics at the University of Breslau, traces in vast outline the development of the phenomenon of nationalism, which is so profound and dominant an influence in our own time. In this work the author initiates a special method of sociological research: he rejects the theory of evolution—according to which social life steadily evolves, the present being an organic development of the past. His own theory of pluralism regards every social phenomenon as something isolated and distinct in itself, arising under special conditions, and developing along its own lines. This theory of a plurality suggests a fresh point of view from which to approach and investigate every human institution.

In the Middle Ages the individualistic nationalist idea was utterly foreign to the structure and essence of society. A stage of early nationalism first began when the structure of society and of the State had undergone fundamental changes. Later on the modern State—based on conceptions of unity and law—together with a growing individualism, laid the foundations of nationalism, which gained importance as a creative idea only towards the end of the eighteenth century. In the nationalistic period proper which followed we can trace the extension and intensification of nationalism in its relations to political and economic life. In our own day ideas and tendencies are finally emerging which vie with nationalism, and which make deeper claims on States and nations. Beside Imperialism there is growing up a State-Unionism, which aims at creating coalescence between sovereign States which, without giving up their individuality and complete self-dependence, shall form a new political structure. The powerful influence of imperialistic States and the crying need for economically self-supporting State-unions may promote the further development of such groups on lines similar to those advocated in Mr. Keynes’ treatise on the Economic Consequences of the Peace.
importance, and an especially wide field has opened for it in its extended application to political purposes.

This book by Professor Mataja, the President of the Austrian Statistical Bureau, deals with the subject from a scientific point of view. He expounds and judges with impartiality the forms and effects of every kind of advertisement. He inquires into its importance as a means of education and of enlightenment, examines its economic value and results, and describes its special functions and applications.

E. SCHWIEDLAND
NOTES AND MEMORANDA

MEASUREMENT OF INEQUALITY OF INCOMES

I have read with the greatest interest the article by Mr. Hugh Dalton ("The Measurement of the Inequality of Incomes") which appeared in the September number of this Journal, and I admire the simplicity and ease of the method which he suggests for measuring the inequality of economic welfare, on the hypothesis that the economic welfare of different persons is additive. The methods of Italian writers, which are explained by Mr. Dalton, are not, as a matter of fact, comparable to his own, inasmuch as their purpose is to estimate, not the inequality of economic welfare, but the inequality of incomes and wealth, independently of all hypotheses as to the functional relations between these quantities and economic welfare or as to the additive character of the economic welfare of individuals. The same methods are, on the other hand, applicable not only to incomes and wealth, but to all other quantitative characteristics (economic, demographic, anatomical or physiological), and they have, in fact, been actually employed to obtain a rough estimate of the various degrees of inequality which the distribution of these characteristics presents.

Mr. Dalton explains these methods with precision and brevity, and Italian writers must be most grateful to him for having directed the attention of English economists to the subject. Perhaps, however—as a supplement to Mr. Dalton’s article—I may be permitted to draw the attention of readers of the Economic Journal to certain papers, a perusal of which, in my opinion, is necessary to enable one to form an exact idea of the applicability and character of the methods in question. These are: E. Czuber, “Beitrag zur Theorie statistischer Reihen,” in Versicherungswissenschaftlichen Mitteilungen, Neue Folge, Vol. IX., p. 101 et seq., Vienna, 1914; C. Gini, “Sulla misura della concentrazione e della variabilità dei caratteri,” in the Transactions of the Real Istituto Veneto di Scienze, Lettere ed Arti, Vol. LIII., Part ii., p. 1203 et seq., Venice, 1914; G. Pietra, “Delle relazioni tra gli indici di variabilità,” in the Transactions of the Real Istituto Veneto di Scienze, Lettere ed Arti, Vol. LIV., Part ii., Venice, 1915; Paper I., p. 775 et seq.; Paper II., p. 793 et seq. Probably these papers have escaped Mr. Dalton’s attention owing to the difficulty of access to the publications in which they appeared.
Mr. Dalton rightly attaches importance to the degree of laboriousness of the various methods, and to their applicability to such imperfect statistics of income as we possess. It may perhaps be noted here that Professor Czuber has suggested (p. 126 *et seq.*) and has worked out a procedure for the calculation of the mean difference which is simpler than the one I used in *Variabilità e Mutabilità* (compare also on this question Pietra, "Sulla teoria della variabilità nelle serie statistiche," in the *Rivista Italiana di Sociologia*, May—August, 1915, p. 417); and, if I am not mistaken, a still more rapid procedure is described in my paper, "Sulla misura della concentrazione" (p. 1210 *et seq.*). In this paper, moreover, the calculation of the mean difference in the case of imperfect statistics¹ is examined in detail, and suitable correction coefficients are given (pp. 1211–1223). On the other hand, the calculation of the mean difference can often be made advantageously, in the case of very imperfect statistics, by a graphical method based on the area (area of concentration) contained by the curve of concentration and the line of equal distribution. Many subsequent applications of this procedure have convinced me of its great practical utility.

In this same paper (pp. 1237–1238) the relation between the mean difference and the area of concentration (to which Mr. Dalton alludes on p. 354) is established, and also the relation (to which Mr. Dalton refers on p. 360) between the mean difference and the reciprocal of Pareto’s *α* when the distribution follows Pareto’s curve is given (p. 1244; cf. also on this point, *Variabilità e Mutabilità*, pp. 60–63). From these relations, it is easy to corroborate the further relations between our *δ* and the area of concentration which Mr. Dalton establishes on p. 360.

I should like, therefore, to direct the attention of readers of the *Economic Journal* more particularly to the two excellent papers of Dr. Pietra. In the first of these the relations are brought to light which exist between the mean deviation from the arithmetic mean, the mean deviation from the median, and the area of concentration.²

In the second paper the ranges of variation of the relative

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¹ In my article I am really concerned with the determination not of the mean difference but of the concentration ratio, which is the quotient of the mean difference by twice the arithmetic mean; but what we say of one will apply equally to the other.

² *N.B.*—On pp. 784–786, the proof that distributions having a concentration curve, to which a parallel to the line of equal distribution is tangential, have all the same relative mean deviation. This proof Mr. Dalton, on p. 354, mistakenly attributes to Ricci. Dr. Pietra had already called attention to the possibility of such a confusion. Compare "Recenti Pubblicazioni di Metodologia Statistica," in the *Rivista Italiana di Sociologia*, March–June, 1917, pp. 312–317.
mean difference, of the relative mean deviation from the arithmetic mean, of the relative mean deviation from the median, and of the relative standard deviation are established, the causes of discrepancy between these various indices of variability are examined, and the limits are fixed within which these discrepancies can be verified.

R. Università di Padova, Gabinetto di Statistica.

Corrado Gini

South African Currency

Professor Cannan, in his article on "South African Currency" in No. 120 of this Journal, does not, perhaps, do full justice to some of the provisions of the recent Act setting up the new South African Reserve Bank. This Act (the South African Currency and Banking Act, 1920) is closely modelled on the Federal Reserve Act of U.S.A. in all those of its provisions which are designed to be permanent. In so far as the rather chaotic condition of banking in South Africa resembled that of U.S.A. before November, 1914, it must be admitted that the drafters of the new Act were well advised in the system they selected for imitation. In any case, the establishment of a central bank with functions of a nature quite distinct from those of an ordinary commercial bank is an event deserving of more than passing notice, and students of banking would have been interested to have had Professor Cannan's comments thereon.

It is not correct to say, as Professor Cannan does, that the new Reserve Bank has "power to issue unlimited bank-notes against 40 per cent. of gold." As backing for its note issue it is required to maintain a reserve of not less than 40 per cent. in gold with the balance in approved bills of exchange. In addition to the reserves needed against the note issue, it must hold in gold a reserve of not less than 40 per cent. of its deposits and other liabilities to the public. These provisions, coupled with the graduated tax imposed on excess circulation in the event of the suspension of the requirements as regards the gold ratio, seem sufficiently drastic to prevent any danger of over-issue. Moreover, if the good example of the Federal Reserve Banks in maintaining reserves far above the minimum required by law is followed, there will be an additional protection. With an ex-Chief Accountant of the Bank of England as Governor, it is probable that the new bank will make every effort to maintain its issue on an unexceptional basis.
Professor Cannan's strictures on the adoption of the extraordinary recommendation of the Select Committee on the Embargo on Export of Specie to discontinue the convertibility of paper into coin will meet with general approval, but the undoing of the harm thus wrought does not seem an insuperable task. The fact that the Central Reserve Bank will ultimately have a monopoly of note issue in the Union, joined with the fairly stringent conditions laid down for the interim issues of the other banks, cannot but impose adequate restraint on the unnecessary creation of paper currency by these institutions. Indeed, Professor Cannan admits this, and expects little difficulty in the South African pound being maintained at the Bradbury level. There are obvious conveniences to South African trade if it can be so maintained, though they are, perhaps, bought at too great a cost by the suspension of convertibility. When the situation comes up again for review before June 30th, 1923 (the date fixed in the Act for the resumption of convertibility), the Governor and Directors of the Reserve Bank ought to be in a position sufficiently strong to enable them to bring pressure to bear on the Legislature in the direction of a sound currency policy.

J. G. SMITH

Official Papers.


As in the Report for 1912, an essential attribute of profit-sharing is the receipt by the workman of a share in the profit fixed in advance; the various modes of participation presenting a variety of cases. As before, co-partnership implies that the worker should accumulate part at least of his share in the business; and there is now added the condition that the worker should acquire some share in the management. The average percentage of bonus on wages is 5.5 per cent. The average amount of bonus is about £5.


The marriage-rate in 1919 was the highest on record, 19.7 per 1,000, 4.3 above the pre-war decade 1905-1914. Ingenious reasons are suggested for the observed increase in the marriages of boys under twenty, of widows, and of elderly men. The birth-rate, 18.5 per 1,000, was 5.3 below the rate for 1914. A comparison of the ratio between male and female births during (and after) the war with the pre-war ratio leaves no doubt that there has been a material increase in "masculinity." There is exhibited a curious correspondence between the trend of the price-level and the variations in masculinity since 1876. The death-rate in 1919, 13.7 per 1,000, is the lowest on record, excepting 1910 and 1912.

In accordance with a resolution adopted at the Genoa meeting it is proposed to ascertain the actual facts respecting production and prices throughout the world, to determine the factors which explain the facts, and to deduce practical conclusions. Interesting statistics of the amount of production (absolutely and per head) and of price variations are instructively exhibited. Causes of the observed changes are considered under the heads, Democratisation of Industry, Piecework Rates, Stabilisation of Labour, Improvement of Apparatus, Rates of Exchange, and Raw Materials.

Report on General Revision of Railway Rates and Charges, 1920 [Cmd. 1098].

There should be a new tribunal consisting of three persons who shall determine the classification of goods and the standard rate proper to each class of goods. A standard rate may be composed of a conveyance rate and a charge for station terminal, when used. The conveyance should be a mile rate, descending as the distance increases.

Minutes of Evidence taken before the Committee of Enquiry into the Work of the Employment Exchanges [Cmd. 1140].


Current Topics

The following have been elected to membership of the Royal Economic Society:—

Abrahamson, Miss E. 
Ahluwalia, A. 
Anderson, R. 
Aspiazu, Prof. D. J. 
Bagley, J. H. (life). 
Banca Italiana di Sconto. 
Bardell, A. P. 
Basu, Prof. P. M. 
Bergson, Jan. 
Besant, A. D. 
Bruce, Miss N. M. S. 
Chamberlain, J. A. 
Clark, M. 
Cordingley, H. 
Coutts, C. R. V. 
Cummins, H. H. 

Darter Brothers and Co. 
Desai, T. M. 
Dieckmann, A. (life). 
Dowbiggin, H. B. L. (life). 
Elderton, W. P. 
Foster, B. J. 
Garnett, G. 
Goldsmith, Miss M. 
Griffiths, T. H. 
Hardy, C. G. 
Hird, N. L. 
High, A. 
Hobbs, F. 
Hubback, Mrs. E. M. 
Hutton, W. 
Ingold, E. G. 
Jameson, R. M.
Johnes, Prof. T. (life).
Johnston, J. G.
Judd, W.
Kahn, A.
Kanakura, E.
Kenchington, C. W.
Kent, F. I. (life).
King, C. S.
Leetham, S.
Litman, S.
McAndrew, H. (life).
McCamic, C.
McConnel, J. W.
MacDermot, F. C. (life).
McPhail, A.
Marshall, H. J.
Master, R. C.
Mukerji, P. B.
Murchison, Miss A. G.
Murdock, A. E.
Nelson, A.
Oldham, Miss R., O.B.E.
Owen, E.
Paisley, A.
Patterson, T. H. H.
Peake, E. G.
Peterkin, L. D.
Pettinger, R. W.

Preston, C. A.
Robinson, Mrs. M. E.
Rowell, Sir Herbert, K.B.E.
Sales, C. A.
Satyawadi, S. C.
Sealy, E. D. (life).
Shimasuye, S.
Siddeley, J. D., C.B.E.
Silva, F. S.
Simpson, C. V.
Stanley, T. S.
Stewart, P. M.
Strater, C. G. (life).
Tapscott, H. J. (life).
Tattersall, F. W.
Thornton, A. B.
Tocker, A. H.
The Bank of Taiwan, Ltd.
Trouton, R.
Turin, S. P.
Underdown, H. C. B., J.P.
Vakil, M. H. (life).
Waley, S. D.
Walsh, J. J.
Westerman, W.

The following have been admitted to library membership.—
Government of the United Provinces of Agra and Oudh; Victoria University College, Wellington, N.Z.; Deptford Public Library; Mysore University Library; Bibliothèque Universitaire et Regionale, Strasbourg; Paris; the Hygiene Library, Scovill Manufacturing Co., Conn., U.S.A.; Provincial Library of Manitoba; Library of Parliament, Ottawa; Legislative Library, Toronto; University of British Columbia Library; Harvard College Library; Bryn Mawr College Library, Penna., U.S.A.; Wellington (N.Z.) City Council; University College Library, Reading; Oberlin College Library, Ohio; North-Western University School of Commerce Library, Chicago; Slocam Library, Ohio Wesleyan University; Brown University Library, Providence, R.I.; Coburn Library, Colorado College.

No. 121.—Vol. XXXI.
Professor Achille Loria writes as follows: "In the course of the last few weeks Italy has lamented the loss of two eminent scholars of statistical and economic science—Luigi Bodio and Ghino Valenti.

"Bodio, appointed Director of the Italian Bureau of Statistics, brought it to the point of competing with, and even surpassing, the analogous institutes of other countries, making of it not only the training-ground of a number of promising young men occupied with the application of statistical methods, but the source of numerous and valuable publications on the most diverse aspects of national and international statistics. In fact, the golden age of Italian official statistics may justly be said to coincide with the period of Bodio's reign. When a policy of retrenchment led the Italian Government to curtail regardlessly its grant to the Italian Official Statistics Department, thus compelling it to suspend its publications, or at least to reduce them to absurdly small proportions, Bodio resigned the post which it was no longer possible for him to fill with dignity, and turned his activities to political and administrative duties. But his contribution to statistics was not restricted to the work of the Bureau, for he has also published the leading book on Some Indexes Measuring the Italian Economic Movement—which is now in its second edition. All those, however, who had not the fortune to make his personal acquaintance, can have but a pale conception of the amazing variety of his learning, which extended—and with complete mastery—from the Homeric poems to the books of Mgr. Duchesne, from the history of architecture to studies in early languages, from modern accounting to the songs of mediaeval troubadours. With him has departed not only a great economist and statistician, but also a humanist or encyclopaedist; one of the last descendants of that versatile and prolific school which the telephone and the aeroplane seem destined to dispel for ever from the land of the living.

"Ghino Valenti, after publishing some remarkable essays on different subjects (Romagnoli, speculation, co-operation, besides a profound criticism of my own theories), as well as a Manual of Political Economy which has run into a second edition, applied
himself to agrarian economy, and very soon became an authority on the subject in Italian literature. Commissioned to reorganise Italian agrarian statistics, at that time in a chaotic state, he brought to the difficult task extraordinary ability and sagacity, and succeeded in reconstructing perfectly that important service. But, besides this practical work, he contributed to agrarian progress by a series of eminent monographs, on the Campagna of Rome, the emphyteusis, agrarian corporations, the development of Italian agriculture in the last fifty years—which are the best Italian writings on agrarian subjects since the classical studies of Jacini. Opposed to all absolute theories and to monosyllabic solutions, and tending to take a moderately relative view on questions, he inclined in the last years of his life towards Protectionism, which laid him open to many violent attacks from the Liberal economic school. But even those who cannot forgive him for this heterodoxy must bow before the adamantine uprightness and scientific honesty which never once abandoned him throughout his noble career. His works constitute a monument of science, of practical sense, and of enlightened patriotism, which Time, the destroyer of undeserved fame but the consecrator of genuine merit, will not obliterate, but will rather embellish with a perennial crown of devout admiration.

Mr. C. H. D'E. Leppington writes as follows, in supplement to his memorandum in the Journal for September, 1917, on the extent of undertakings yielding no return to the capital invested in them: "In all, seventy-six issues of every description have made default between November, 1916, and August, 1920. Of these, thirty were government and other securities of Russia. To set against this almost unchecked current of depression is the frequent resumption of payment of interest which had been suspended during the war. The names of a number of companies present in the earlier list are absent, it is true, in that for last August, but this need not mean that they all have gone under, but simply that some have been absorbed in larger undertakings. In the industrial and commercial group of upwards of six hundred undertakings only nine are in default since 1916, including one in the States and one in Russia, and fifteen have disappeared. Only one brewery is in default and one has disappeared out of seventy-five on the list. Among iron and coal concerns the ratio of disappearances is only 5 per cent. and defaults are nil. Among the few which have gone under is the Thames Ironworks at Blackwall, the sole surviving memorial in our day of the once
flourishing shipbuilding industry of the Port of London. The instances in which undertakings which were in default during the war have resumed payment of dividends are much more numerous than the defaults occurring since 1916, and reach a total of 125. Among these are eight foreign and colonial railways, eleven breweries (three of them in the United States), three mines and three nitrate works. Recoveries, however, have been most numerous among financial and land trusts, whose operations are mainly outside the British Isles, and in the extremely large group of something over 600 miscellaneous commercial and industrial undertakings. Of the former twenty-seven and of the latter fifty-two have resumed payment. Among these last are seven hotel companies which were hit hard in the war. At the same time it should be noted that the jump in the number of bankruptcies from 649 in 1918 and 753 in 1919 to 1,594 during last year witnesses to the strength of the present reaction against the artificial prosperity of the war period and just after.”

In view of a change in warehousing arrangements, it is proposed to pulp a quantity of those back Nos. of the Economic Journal of which there is a substantial number in stock. Before this course is taken, however, the Nos. in question are offered to Fellows, for the completion of sets, at a low rate.

Applications, accompanied by a remittance, should be addressed to the Assistant Secretary, Mr. S. J. Buttress, 6, Humberstone Road, Cambridge.

Vols. XIV.—XX. (1904–1910) at 4s. a volume, unbound; and Vols. XXI.—XXVI. (1911–1916) at 7s. 6d. a volume, unbound.

The following parts can also be supplied separately at 1s. a part:—Nos. 53 (March, 1904) to 80 (December, 1910) inclusive; Nos. 83 (September, 1911) to 87 (September, 1912) inclusive; Nos. 93 (March, 1914), 94 (June, 1914); Nos. 97 (March, 1915) to 99 (September, 1915) inclusive; Nos. 102 (June, 1916) to 104 (December, 1916) inclusive; and No. 106 (June, 1917).

Copies of “Fiscal Relations of Great Britain and Ireland” (Supplement, 1912) can be supplied at 6d. a copy.

Owing to the necessity of pulping at an early date, the above offer can only be held open for a short period. The regular price to the public for back numbers of the Journal, hereafter, will be 6s. a part and 30s. a volume (bound).
RECENT PERIODICALS AND NEW BOOKS

Journal of the Royal Statistical Society.


Contemporary Review.

December, 1920. High Wages, their Cause and Effect. Sir Hugh Bell. Illustrating the causes which operated during the war and the bad effects on industry, there are presented interesting statistics. In a typical railway company with which the writer is connected, the average annual earnings of men of all ages in the railway service were in 1912 just over £73 per head. The corresponding figure for the men in the collieries, ironstone mines and limestone quarries of Bell Brothers was just under £71. By 1920 the former figure had risen to £257; while the latter had risen to £219. The proceeds of the writer's collieries were divided as follows: Wages and salaries, 75 per cent.; rents, royalties, timber, and stores, 15 per cent.; balance available for extension, dividends, etc., 10 per cent. Of the payment for stores and timber a proportion must ultimately go to wages; 50 per cent. Sir Hugh says, with reference to analogous figures which he cites from Command Paper 949 (1920). The allocation of the income earned by the aforesaid railway is also very instructive. The Reconstruction of Europe. Prof. G. von Schule-Gaveritz. The "psychological obstacles" to co-operation raised by German methods of warfare are obviated by setting off against those misdeeds the starvation of German children through the British blockade even after the armistice. Mutual condonation leads to mutual help. German working power should co-operate with Anglo-Saxon to utilise the natural wealth of Russia; "one of the weightiest and best founded conclusions in Keynes' celebrated work." German export must be restored in order that she may be able to pay an indemnity, which should not exceed the sum estimated by Keynes. The payment should be suspended for four or five years. Among other requisites for reconstruction are the coalfields of Upper Silesia, and a "most favoured nation" clause not, as now.
one-sided. Thus may be realised "the ideal of the solidarity of the world"..."of universal goodwill." *Capital and Labour in Italy.* E. Storke. The capture of factories by the metal workers last September did not spread, though a considerable minority of the Socialist Party voted for the extension of this "lock-in" policy. The experiment of running the factories without the capitalists and their technicians taught the leaders something. So a Joint Committee to settle the conditions of "control" was decreed by Government. The term "controllo" sometimes means only checking accounts. But the demands made by the Workmen's Council—not yet satisfied—seem to leave no power to the employer.

**February, 1921. The Creative Impulse in Industry.** B. L. Hutchins. A powerful protest against the deadening monotony of factory work; which the American manufacturer, Robert Wolf, successfully combats.

**Quarterly Review.**

**January, 1921. The Wages Problem in Agriculture.** Sir Henry Rew. After decades of low pay a Minimum Wage was proposed in 1913 (by the Land Enquiry Committee, over which Mr. A. H. Acland presided), and was adopted in 1916. It is carried out by the Agricultural Wages Board, of which four-fifths are agriculturists, farmers and labourers, one-fifth is appointed by the Minister. Their decisions affect over a million employers and workpeople, say five million persons. On the last occasion of fixing the minimum the workers stood out for 50s., the employers for 42s., the appointed members carried 46s., the other members abstaining from voting. *The International Labour Office.* Albert Thomas. A summary of the results achieved by the Labour organisation during its first year. *Bolshevism and Democracy.* Prof. Sir William Ashley. The undemocratic character of the present Russian Government is exhibited.

**Edinburgh Review.**

**January, 1921. Capitalism. II.** A. Shadwell. If, as Marx defined, "capitalistic production only then really begins when each individual capitalist employs simultaneously a comparatively large number of workmen," the concentration of Capital which was to introduce the fall of the system has not yet arrived. The number of business concerns in Germany employing 1.5 persons was recently greater than the number employing over 50. Of "manufacturing establishments" in the United States more than half employed from one to five wage earners. Marx and the more original Sismondi did not anticipate Limited Liability, Trade Unionism, State regulation, and other agencies which have averted threatened catastrophe.

**Fortnightly Review.**

**February, 1921. The Increased Cost of Living.** Statistician. The figures of the Ministry of Labour do not represent existing households. "They assume the consumption of the same commodities in the same quantities and qualities as before the war."
They obscure the "bedrock fact" that we are all poorer and must all live more frugally. Economy and the use of cheap substitutes does not imply a lower standard of life.

The Round Table.
December, 1920. The descriptions of the Miners' Strike and of the International Conference, and the reflections thereon, are especially noticeable.

The Eugenics Review.
October, 1920. Some Birthrate Problems. Major Leonard Darwin. Is there a growing correlation between efficiency and infertility, owing to the "dys-genic" effects of birth limitation? Can the fertility of the less fit be counteracted? The Fertility of the English Middle Classes. J. W. Brown, Major Greenwood, and the late Frances Wood. From samples of married women, some educated at Universities (or Colleges of University standard), and some "non-collegiate," it is found, among other interesting conclusions, that there is no essential difference between the fertilities of the women who have, and those who have not, received a University education. Apparent differences are explained by difference of age at marriage.

Indian Journal of Economics (Allahabad).


Quarterly Journal of Economics (Cambridge, Mass.).
November, 1920. Savers' Surplus and the Interest Rate. A. B. Wolfe. Industrial Morale. S. H. Schliesser. The British Coal Industry and the Question of Nationalisation. R. H. Tawney. The pre-war conditions—some 1,500 companies raising about 270,000,000 tons of coal from 3,200 pits, and selling to about 1,500 factors, from whom it passed to above 2,700 distributors—and the control during the war, with the objections to the present system, are lucidly stated. The risk involved in Justice Sankey's scheme is balanced against the advantage of satisfying the miners and benefiting the consumers. Taxes on Property and Property Increments in Italy. L. Einaudi. Ross' Principles of Sociology. T. N. Carver.
November, 1920. Social and Industrial Conditions in the Germany of to-day. A series of articles mostly by Germans and mostly despondent. Thus Dr. Bonn (Economic Adviser of the German Government) dwells on the scarcity of coal, and the effect of the blockade on the stamina of the working classes. Germany is forced to make reparations in such a way as to diminish her capacity for paying. E. V. Stoll, a neutral, dwells on the need of work and the moral factors in production. Charles Trevelyan inquires, Is Germany approaching the abyss? and concludes that unless the vindictive indemnities, the coal tribute, and the military occupation are swept away, the industrial population of Germany must either perish or break out in revolt.

January, 1921. Present Day Immigration is the subject of this number. The relations between Japan and the United States occupy more than half the volume.


Political Science Quarterly (New York).


The American Economic Review.

December, 1920. Price Economics versus Welfare Economics: Contemporary Opinion. Frank A. Fetter. "There is a thoroughgoing inconsistency in Marshall's views as to the central aim of economics." Wesley Mitchell, "quite in the manner of Marshall, proceeds to issue various warnings and to place various limitations that give a very different meaning to what he had said, if they do not deprive it of all meaning." Taussig, "like Marshall, shows conflicting tendencies, but does much straighter thinking." And so on. "Price Economics" is a "fool's paradise." Circulating Credit. W. I. King. The device for obtaining a loan without the necessity of paying interest is the source of banking profits. The expansion has been a chief cause of inflation. It has not led to the reduction of interest on bank loans.

The Butte Miners and the Rustling Card. Paul F. Brisenden. The Anaconda Copper Mining Industry in the Butte district (Montana) instituted an employment system, characterised by a permit to work, called "the rustling card"; which was not favourably received by mining unions. A "Stabilized Dollar" would Produce Violent Changes in Periods of Falling Prices. C. C. Arrutinot. Suggestions for Revision of the Federal Taxation of Income and Profits. F. R. Fairchild.
The Review of Economic Statistics (Cambridge, Mass.).

November, 1920. The measurement of increase in the volume of production begun in former numbers is continued with reference to manufactures; for which the (unadjusted) index for 1919 was nearly double what it was for 1899, while population increased by nearly 40 per cent.

December, 1920. The First Brussels Financial Conference. A useful summary of the proceedings and of the separate memoranda contributed by economists. An Index of the Physical Volume of Production. The crude figures given in the November number are here adjusted.

January, 1921. The adjusted index numbers found in former issues for agriculture, mining, and manufacture are combined. Prof. Bullock reviews the year 1920: which culminated in industrial depression at home, political and economic unsettlement in Europe, and dislocation of international trade.

Musée Social (Paris).

October, 1920. Une contribution nationale en faveur des familles nombreuses. A national provision for the support of large families is advocated.

Journal des Économistes (Paris).

November, 1920. La Grève des Mineurs dans la Grande Bretagne. Yves Guyot. La Conférence Financière internationale de Bruxelles. A. Raffalovich. The proceedings are likened to the exercises which might be produced by a class in philosophy or rhetoric on the question, What are the best means of assisting destitute relations? The writer does not favour the policy of national “entr’aide” as tending to pauperise, weakening the sentiment of individual effort.

December. La Puissance de payement de l’Allemagne et le traité de Paix de Versailles. D. J. Gheorghin. The honest execution of the terms accepted is demanded. L’enseignement du Bolchévisme dans le monde. N. Mondet.


Revue d’Économie Politique (Paris).


Le Christianisme Social (Paris).

November, 1920. Le Bilan de la guerre. Charles Gide. On the “passive” side are the loss in war of nearly 1,400,000 men—almost the fifth part of the male population of France between 20 and 60 years of age, the deaths of civil population due to
invasion from 100,000 to 500,000, the diminution of births
1,500,000, the ruin of the richest departments, the expenses of
the war—an annual interest of some £450,000,000—scarcity,
inflation, disease, inexpiable hate of the vanquished, and
Europe a witch-cauldron. On the "active" side the acquisition
of Alsace-Lorraine, the German African Colonies, part of Congo
and Syria, mines of coal and potash, and the immaterial
assets of prestige and glory, and the prospect of permanent
alliance with two great Powers and the gratitude of many small
ones.

Archiv für Sozialwissenschaft und Sozialpolitik (Tübingen).

January, 1921. Die wirtschaftliche Theorie des Geldes. Karl
Englisch. Refering to Liefmann's "Geld und Gold." Die Krise
der mitteleuropäischen Revolution. Dr. Paul Szenede. Über
das Problem des Dekadenz des Islams. Prof. Arthur Salz. Zur
Frage der Objectivität des wirtschaftlichen Princips. Dr. Herv
Moeller.

De Economist (La Hague).

December, 1920. De uitbouw van het internationaal Arbeidsrecht. H.
J. Mander. On international labour legislation. Gemiddelde
indexcijfers. P. K. von Tschudi. A study on index numbers
referring to Pierson's article on the subject in the Economic
Journal for 1896.

January, 1921. De Wet van Aristophanes, alias Gresham, en hare
bescherming. Prof. Dr. C. A. Verrill Stuart. On foreign
exchanges, dumping, and protection.

Scientia (Milan).

Vol. XXVIII. No. CIV—12. Il Marzismo e la Crisi Europea. R.
Mondolfo.

The Russian Economist.

(This journal, the organ of the Russian Economic Association, is
published bi-monthly in London.)

The Railway Transport in Russia. The Social and Psychological
Consequences of the Revolution in Russia. W. Braith-
waite. The author of these three articles is an English-
man who worked for a long time in the Co-operative Movement.
The Russian National Debt. G. A. Paulovsky. The total debt
is some 33,000,000,000 roubles, of which only 13,000,000,000 are
payable in gold. The total is about ten times the pre-war budget,
which compares favourably with the figure for England and
France, viz., 35. There is no doubt about Russia's ultimate
solventcy.

Giornale degli Economisti (Rome).

November, 1920. Exportazioni, censimenti agrari e requisizioni nel
settcento a Roma. A. Canaletti Guadenti. A study in the
economic history of the 18th century. Il Controllo. G.
Majorana. The workers' demand for control of industry is con-
sidered.
Revista Nacional de Economía (Madrid).

Vol. VIII. No. 25. La organización de la decadencia de España. E. Ruí. The editor takes a gloomy view of his country’s prospects. The Absolute Monarchs of Spain never had so much power as her constitutional sovereigns. A few dozen rich families continually become richer, the numerous proletariat poorer. Protection will cause depopulation. La política de Alianzas y el comercio externo. E. H. Del Villar. Neutrality, rather than military alliances, is the policy for Spain.


NEW BOOKS

English.

[To be reviewed.]

[Reviewed above.]


[Part II has been completely rewritten and considerably extended both by the fuller treatment of theory and by the addition of numerous examples. For the convenience of those who possess the earlier edition to whom the revised Part I contains little that is new, Part II is issued separately. Part I brought up to date is also issued separately.]

[An eloquent lecture delivered at the University of Manchester, Dec. 1920.]


Burns (Émile). Modern Finance. London: Humphrey Milford. 2s. 6d.

[In the course of several meetings, at which distinguished chairmen presided, it was said to be more important that Labour should have a share of management than that it should share profits. Lord Emmott preferred co-partnership to Nationalisation, as satisfying the three tests: incentive to work, reward of ability, and saving. Sir George Gibb thought partnership in management well suited to the railway industry. He recommended a Committee including representatives of the Directors and the Workers; the latter, no doubt, specially concerned with the welfare of the staff.]


The proposal is that labour should be the standard of value.


[The writer is in charge of the Navy Yard Continuation School for the New York Board of Education.]


[The economic interest of this volume may be gathered from the headings of some of the chapters: "Covering Trade in the Far East," "The Beginnings of Trade Recovery," "Commerce and Commerce DestROYERS," "Trade Activity in European Waters." The narrative is illustrated by splendid maps.]


[The proceedings are those referred to in the Economic Journal, Vol. xxx, p. 563.]


[To be reviewed.]

[The author is reader in Constitutional History, the collaborator is Professor of Education, in the University of Birmingham.]


[An admirable text-book.]


Knowles (Lilian). The Industrial and Commercial Revolutions in Great Britain during the Nineteenth Century. London: Routledge. Pp. xii+417. 6s. 6d. net.

[To be reviewed.]


[A new edition.]


[The structure, history and other aspects of the League are described in a series of essays by different writers. Mr. H. B. Butler writes on the international labour organisation.]


[The foreword, which occupies a third of the booklet, concerns the economist, so far as it contends, with great ability, that Ulster is not superior in industrial qualities to the rest of Ireland.]


[The author is Professor of Economics at Dartmouth College.]

[A collection of essays, some of which reward the attention of economists; such as that of Ernest Schuster on The Peace Treaty in its Effects on Private Property, and that of Sir John Macdonell on International Labour Conventions (about the immigration of low-grade labour, the equalisation of the conditions of native and foreign labour, etc.), which, perhaps, may result in an International Labour Parliament more successful than the League itself.]


[A levy on war wealth might be desirable as a supplement to, not a substitute for, a general capital levy; as to which see the writer's article in the Economic Journal for June, 1918.]


[The Puritan English merchants succeeded where the Portuguese failed, because they regarded themselves as traders temporarily settled in India. The Surat factory was run on monastic lines. But excess in eating and drinking was not considered a serious vice, and the mortality among the Company's servants was very high.]


[To be reviewed.]


[By a careful investigation, based on samples numbering 13,637 women, in eleven large towns, it was found that 12 per cent. of women workers maintain dependants. If certain reforms were carried out—an adequate scheme of widows' pensions, an adequate minimum wage and a State grant to households with an exceptional number of children—the proportion of women workers having dependants would be reduced to 1.8 per cent.]

Sakséna (E. B.). The Economic Effects of the War on India. Part I. Canning College, Lucknow.

[The author, who is Professor of Economics at Lucknow, has reviewed under appropriate heads the development of Indian industries during the war, and considered the prospects of further progress. In fiscal matters he is a moderate protectionist. India, he thinks, is too dependent on its agriculture. "Public opinion... means to see that India becomes in future self-supporting, so that its commerce, trade and industry no longer remain dependent on external supplies."


[The author is Professor of Engineering in Hong-Kong University.]


[The author was associated with the Canadian Post Office for thirty-six years.]

[Among the writers of essays are G. N. Barnes, H. B. Butler, Minoru Oka (on labour legislation in Japan), Sophy Sanger, and Albert Thomas (the French Socialist leader).]


[Studies in "Menometers."


[The new edition is enlarged by the addition of a final chapter entitled "Marking Time amid Increasing Exigency." The total of Grants in Aid, about fifteen millions a year twenty-five years ago, is now four times that amount. As a remedy for the growing evil there is suggested functional differentiation of Parliament as proposed by the author in the Socialist Commonwealth of Great Britain (reviewed in the Economic Journal, Vol. xxx). There are also additions throughout the work, mostly at the end of each chapter, bringing statements and figures up to date 1920.]


[The bulk of the work is reprinted without change. The arguments respecting "payment by results" are said not to be impaired by changes of form ("premium-bonus," etc.). The chapter on the Economic Characteristics of Trade Unionism stands, we think, after a couple of decades of examination by the British economists, in 1920 unchallenged. The student might usefully consider to what extent, if any, this analysis of the economics of Trade Unionism calls for further modifications of the somewhat stereotyped propositions of the economic textbooks as to profits and wages, the rate of interest, and the influence affecting the growth of capital." The Appendix to the original edition on the legal position of Trade Unionism and that on the legal minimum wage, now ancient history, have been omitted.]


[There has been since 1876 a fall in the birth-rate amounting to about one-third: the principal cause being the decreased fertility of married women. The difference between the fertility of unskilled workers and that of the upper and middle classes is great, and increasing.]
American.


[The authors are members of the Political Economy Staff of the University of Wisconsin.]


[A gloomy picture of Europe after the war; with suggestions for economic reconstruction.]


[A report of investigations made in the Research Department of the Women's Educational and Industrial Union. The investigations were directed by the author.]


[A lucid exposition of present and past finance.]


[An admirable description of economic features.]


[A study of the reactions against social wrongs. The disputes, with respect to the use of violence, between "physical forcists" and "moral forcists," Anarchists and Socialists, Bakounin and Marx, are instructively described.]


[The financial arrangements and other features of economic interest in the management of Tudor noblemen's households are vividly presented.]


[Speeches and articles of W. H. Taft from May, 1915, to March, 1919.]


[The work has been largely revised. The income tax, the inheritance tax the shifting and incidence of taxation. To be reviewed.]


[A new kind of pedlar, whose pack contains fresh ideas and useful information, is here described. Far and wide among outlying rural districts knowledge is disseminated by "educational tours" and "demonstration trains"]


[The disturbance of the economic conditions of Peru illustrates the interdependence of nations.]


French.


[In the first volume the Greek law of 1910, t.XMB, is described and appreciated; the second volume deals with departures from the law, and the way back to it from present inflation; in the third volume the system is compared with ordinary convertibility, its relation to the Gold Exchange Standard is shown, and the possibility of international money is considered.]


[This well-known work, which first appeared as an official report upon Social Economy at the great Paris Exhibition, 1900, has now reached its fifth edition, and goes on growing in size and favour. It is divided into four parts dealing with the wages, the comfort (food, lodging, health, and education), security (savings, insurance, and public assistance) and independence of the working classes. It is written with the charm, and arranged with the lucidity, characteristic of the author, and brings up to date the description of the activities of the various agencies which aim at the improvement of the condition of the people.]


[Of institutions aiming at one of these objects, productive co-operation is first considered. Its success is threatened by (1) big businesses, (2) the hostility of syndicalists, (3) the rift between the two species of co-operation. The prospect of serving public bodies as the "braccianti" in Italy do is promising. The capitalist objections to profit-sharing are not weighty. More serious is the apprehension of the workers that their wages would be lowered. Under the head of L'Actionnariat ouvrier there is entertained the idea of compulsory saving, at least in businesses of a public character, enjoying a "concession."]

NO. 121.—VOL. XXXI.

[A sub-title characterises International Free Trade as the necessary and sufficient foundation of universal and permanent peace.]


**German.**


[Advantage for German Finance may be extracted from depreciation of the currency.]


[Referring to the burden of taxation placed on Germany.]

TYSKA (PROF. KARL V.). *Volkswirtschaftliche Theorien*.

**Italian.**


[The conception of natural industries is examined historically and analytically; and with reference to modern international problems.]


**Spanish.**


[A memoir presented to and honourably mentioned by the Spanish Royal Academy of Moral and Political Sciences.]