

Principii di Economia Commerciale. By GINO ARIAS. (Biblioteca di Scienze applicati al Commercio.) (Rome: Società Editrice Libreria. 1917. Pp. 948. Lire 25.)

THE Lecturer on Commercial Studies at the Genoese Royal Institute, and Professor of Political Economy at the University of Genoa has chosen a subject appropriate to his office and surroundings. The central part of the work—or at least that part in which the interest of the English reader will probably centre—is the sixth part, dealing with commercial policy. But apart from that main theme there are good discussions of various topics—much excellent fruit outside the kernel. The voluminous treatise contains matter of three sorts not often presented simultaneously—economic history and abstract theory in addition to commercial policy. The *millesima pagina* which according to Juvenal is characteristic of historical compositions is almost literally attained by a volume which comprises, besides history, two other ingredients abounding in a variety of topics.

In the first part of his work the learned author traces the development of exchange from its early obscure origins. He next surveys the economic regime of ancient India—the influence of caste, the various forms of interest—here, as with reference to other topics, including among his selected authorities what has been written on the subject in the *ECONOMIC JOURNAL*. Some aspects of commercial and retail trade in ancient Athens are presented with equal lucidity. Passing on to the Middle Ages, we are taught that the “just price” of Charlemagne’s capitularies was the value determined by free competition in contrast to monopoly value. The conceptions of just price formed respectively by Albertus Magnus, Thomas Aquinas, Duns Scotus, and some minor doctors present interesting contrasts. In fine, the history of Genoese commerce leads to the conclusion that the earlier State regulation was in substance an insurance against the risk of dearth; when this risk had diminished, it was felt that the price of the insurance was excessive.

We do not feel competent to appraise these interesting contributions to economic history. With more confidence we can praise the *second* part, which deals with value and prices. In criticising this part of the volume the present writer is placed in the position of an examiner who finds in the work which he is examining repeated and appreciative references to his own writings. It is but human to be favourably impressed by such recognition. *Et sapit et mecum facit* is a very natural association

of ideas. Not that the critic always expresses agreement, but rather such dissent on minor points as to evidence an independent judgment and so to enhance the value of his appreciation. Thus, referring to the *ECONOMIC JOURNAL*, Vol. XXI. (1911), he admits that the principle of monopolistic discrimination resulting in benefit to consumers may play a large part in modern industry. But he will not admit that the principle is relevant to a Socialistic regime (*loc. cit.*). For "in a Socialist administration there is not and there could not be a monopolist such as we now conceive."¹ Which is, of course, true of ideal Socialism. In all such discussions much turns upon the degree of abstraction presupposed. Perhaps we may thus explain Professor Arias's seeming dissent from the views expressed in the *ECONOMIC JOURNAL* (Vol. VII. p. 403, VIII. p. 234, IX. p. 286, X. p. 288) as to the tendency of a specific tax to raise the price of a monopolised article. We are quite at one with our author as to the decisive importance of future interest on the motives of the monopolist (Arias, p. 137, *ECONOMIC JOURNAL*, Vol. XII. p. 512). As to transactions between two monopolists, the so-called "duopoly," Professor Arias, in support of the present writer's view, contends that it is not fair to "introduce extraneous elements" into the data (Arias, p. 139). Here and elsewhere he shows a just appreciation of the "divergence between the abstract representation and the concrete phenomenon" (p. 140). It is not the fault of theorists, "*i maggiori teorici*" at least, if others, "*oltrepassando il pensiero dei maggiori*," do not take account of this divergence.

With such just views as to the function of abstract theory, it is remarkable that our author should demur to Professor Marshall's doctrine of compromise benefit (to monopolists and consumer). This bold (*ardita*) abstraction seems to Professor Arias too far removed from reality (p. 121). "The monopolist cannot and does not value quantitatively the benefit of the consumer at different prices." Equally surprising seems the criticism of another among "*i maggiori*," Sir H. Cunyngame, with reference to the expediency of an export law (p. 177). "These purely quantitative contentions (*raffronti*) are not an infallible guide." *Quis negavit?* The objections to Mr. Bickerdike's doctrine of incipient taxes (propounded in the *ECONOMIC JOURNAL*, Vol. XVII.; analysed by the present writer, Vol. XVIII.) appear similarly otiose. The paradox that the advantage generally obtainable by a small import tax tends to be greater (*sic*) when the tax is protective is combated by arguments which are indeed agreeable to

¹ See above.

common sense and are valid against the statement as it presents itself to the lay reader, but do not touch the theorem as understood by the mathematician.

We have not space to follow our author through the wide range of subjects as to which he displays a minute acquaintance with contemporary writings. His generous recognition is often tempered with gentle criticism. Thus Mr. Keynes is praised for "some truly profound pages" on the discount policy of banks. But the author adds : "*Il Keynes però non è a mio avviso perfettamente nel vero.*" So with respect to railway rates the "perspicuous thought" of Professor Ripley leads to conclusions that are "not quite acceptable" (p. 813). Plunging into the controversy between Professors Taussig and Ripley about "joint costs," Professor Arias finds that the very acute English writer through excess of subtlety deviates from the truth (p. 825). The general impression produced on us by this elaborate criticism is that the Genoese students of political economy are singularly fortunate in their teacher. One who has read almost everything that has been written on each subject, and has marked what he considers amiss in each writing, who is ready to compare and correct the theories of his contemporaries, must prove a most effective and stimulating instructor. Maturer students may perhaps find that the judgment which they had formed on each question is not materially altered by the new dialectic; but this circumstance does not detract from the educative value of these critical expositions.

This general character appears to apply to that part of the work which is specially concerned with the controversy between free trade and protection. The cruder presentations of either doctrine are ably criticised. If any free trader is foolish enough to argue that, because Italy relaxed protection in a certain year and enjoyed prosperity in subsequent years, *post hoc* is *propter hoc*, he may be convinced of his error by our author's sound logic (p. 772). It is good also for extreme protectionists to learn that there have been "deplorable exaggerations" on their side (p. 794), that *in general* it is the better course to leave to customs tariffs a purely fiscal function (p. 179). Coming nearer to practical issues, we think that our author has made some contribution (p. 605) towards the definition of "dumping"—dumping of the malignant sort, against which it is generally agreed that some protective measures may legitimately be employed. He well distinguishes the phenomenon of plural price which is an incident of monopoly and joint production from penetration in a political

interest as practised by the Germans. But there still remains the difficulty of proving that in any given case the more dangerous kind of dumping is present to a serious extent. For example, with respect to Italy before the war it is not enough to say: "The importation of machines represents for Italy an annual tribute of more than 200 millions [of francs] due to a foreign industry." Professor Arias, indeed, says more than this, but he does not in our judgment adequately counteract the presumption that to obtain a large addition to the means of production is advantageous. Before accepting him as a guide we should require more information about particulars. Consider, for instance, the following contention (p. 795): "A nation is an *historical* category. National interest (*convenienza*) has necessarily an historical character, is not immutable, but continually changeable, is complex and inseparably compounded of multiple elements," and so forth. With respect to such propositions one may sympathise with that cautious student of whom it is told that he would not assent to the axioms of Euclid until he knew what use was to be made of the admission.

Theoretische Sozialökonomie. Von GUSTAV CASSEL. (Leipzig: Winter. 1919. Pp. 582.)

"A SORT of scientific poem"—in these words the *Mécanique Analytique* of Lagrange was described by one who was a poet as well as a mathematician, William Rowan Hamilton. The words serve to introduce an essay in which Hamilton, by a singularly beautiful and original conception, enlarged the powers of dynamical science.¹ In the view of that soaring genius astronomy and mathematical physics generally require the exercise of a faculty akin to the artistic imagination. There is produced "an imitation, not a copy, of Nature. It is a creation of the mind so framed as to resemble in an immense number of particulars what we know of the external universe."² To some men of science this view may appear visionary; too much in the spirit of Plato, too little in the manner of Bacon. There appears, indeed, to be some disagreement among "the first of those who know" as to the rôle of the highest generalisations even in natural philosophy. How much more difficult to find must be the path to a science of human action! In this obscurer region we are disposed to

¹ *On a General Method in Dynamics*, Transactions of the Royal Society, 1834.

² Transactions of the Royal Irish Academy, 1837-8.