

admit it, under the head of "friction." *De minimis . . . cadit quæstio*. With reference to a tax of sensible magnitude, the question may be thus stated. If a freehand curve-line were drawn through or among *several* of the points which correspond to different amounts of net profit, is it, in general, likely that the point on this curve, for which the ordinate is a maximum, is a "singular" point? May we commonly expect a *gabel* instead of an arch? Our postulate,¹ that a negative answer must be given to this question, will probably be regarded by Professor Graziani as "arbitrary" (*loc. cit.*, p. 235, par. 2). But we submit that this is one of the postulates with respect to the form of a "function," employed in abstract reasoning, which are justified by a sort of common sense founded on wide experience.²

Vergeltungszölle. By Professor H. DIETZEL (*herausgegeben von der Volkswirtschaftslehren Gesellschaft in Berlin*). (Berlin: L. Simon. 1904. Pp. 60. 1 mark.)

RETALIATION, according to Professor Dietzel, is a generic term, divided into two species, retorsion, which is positive and militant, and reciprocity, which proceeds more slowly by the peaceful method of negotiation. The species have many properties in common. The conditions of success are much the same for both. The supply on the part of the foreign country must be inelastic; the demand on the part of the retaliating country, not so. These conditions are well illustrated by the case of a tariff war between Russia and Germany. The demand in Germany for Russian rye, the hunger of the German weavers for Russian flax, is about as urgent as the eagerness of the Russian agriculturist to dispose of his produce; at least, for short periods. If we consider longer periods, rye would probably be obtained from Germany from new sources, in particular by an increased cultivation of the cereal in Germany itself. This latter circumstance, it is remarked, would create an interest adverse to the restoration of Free Trade. Even Ricardo did not propose the sudden removal of agricultural Protection after the peace. This sort of adverse interest is even more likely to grow up, under the more prolonged action of reciprocity. Dealing with this part of his subject Professor Dietzel examines taxes on foodstuffs, on articles of luxury, on materials, and machinery; showing that in every case, in order to wound the enemy, we must hurt our-

¹ *Cp. ECONOMIC JOURNAL*, Vol. IX. p. 307, par. 2.

² See Index, *Probability*.

selves. The loss is certain; the gain problematic. It is not, however, inconceivable; Retaliation is not—though it is very likely to become—mere Protection. Prince-Smith and the “unconditional Free Traders on the other side of the Channel” have exaggerated the case against Retaliation. Enlightened by Adam Smith’s impartial *dicta*, Professor Dietzel shows reason to believe that Caprivi in the commercial negotiation of 1891–2 played the part of that “wily animal, the statesman,” with some success. The conjuncture was favourable. The policy of Germany was clear; her way of negotiating conciliatory. All these favourable conditions are wanting to the recent negotiations from which Professor Dietzel bodes no good results. Bullying and preparation for tariff war [*Rüstung*] cannot be practised by one nation without others following. The fact that Professor Dietzel writes for Germans about German policy gives weight to his disinterested opinions about Mr. Balfour’s policy, which he thinks may easily lead Great Britain into the inextricable net of Protection. She will thus lose the economic advantage over other nations, which she has hitherto obtained through her Free Trade. It is possible, says our author, that England has already passed the zenith of her economic career, though he himself is of opinion that the “decadence of England” is now almost as untrue as in 1850, when it was affirmed by Ledru-Rollin. It is certain that the downward movement will become more sharply accentuated—that England’s power of competing in the world-market will decline even quicker—if she has to pay for the policy of Retaliation by a permanent protective tariff (*Fall es die Politik der Busse mit dauernden Schutzzoll büsste*).

The History of the English Corn Laws. By Professor J. S. NICHOLSON. (London: Swan Sonnenschein, 1904. Pp. 188.)

HISTORIANS are wont to disparage abstract economics, while they claim for their own special studies the merit of showing the variability of conditions which are presupposed in the deductive method. But the work before us is a proof that the severer intellectual virtues are compatible with the historian’s subtle power of entering into the past, and thence deriving lessons for the present. The author places himself in the position of the primitive Protectionists, and enters into their motives. There was a difference in their position compared with ours with respect to protective legislation; it had not been tried and found wanting. They sought according to their lights the interests of the con-