

So with respect to the "National Income" he seems to consider that the figures representing exchange value are "sufficiently stable and homogeneous . . . for all ordinary purposes"; while fully admitting the justice of Dr. Bowley's remark as to the difficulty of attaching a perfectly definite meaning to the term "total national income." As Mr. Stamp points out, "the marginal significance of £1 to a rich man is different from what it is to a poor man; therefore, it is fallacious to say that a service that is *rendered only to rich men* is equal to and exchangeable for a service that is *rendered only to poor men*, simply because each costs £1 in money." Very felicitous is Mr. Stamp's reply to the common objection that "when a rich man with £20,000 a year employs a secretary at £500, and the secretary employs a gardener at £50, it is fallacious to reckon the aggregate income at £20,550." But, replies Mr. Stamp, "the services of all three *exist* and are measured in money terms at these values. One might as reasonably say that there is only one Japanese box because all the smaller ones fit inside it one within the other." The part played by usage and convention in settling the denotation of the term "income" is thus happily illustrated: "We do not regard the 'annual value' of our furniture as part of our incomes, but if it were a general custom to hire furniture by the year . . . we should probably look at the matter differently. . . . If A at Reading lets his furnished house to B from Brighton, and takes a furnished house from C at Torquay, who in turn lives in B's house, the real position is not changed, and yet the taxed incomes go up by three rentals of furniture!" The passage recalls the acute remark made on an earlier page that one who rents a park or "beauty farm," which yields no produce beyond the satisfaction of looking at it, pays an income-tax under Schedule B, which is not a tax on profits, but akin to a carriage licence—a unique feature in the income-tax.

Such subtlety of thought is not often associated with a mastery of the details of office.

*National Power and Prosperity: a Study of the Economic Causes of Modern Warfare.* By CONRAD GILL, M.A., with an Introduction by GEORGE UNWIN, M.A. (London: T. Fisher Unwin. Pp. 181). 1917.

MERCANTILISM as it flourished in the past, as it survives in the present, and the trade policy by which it should be replaced in the future—such are the large topics on which Mr. Gill discourses

with learning and judgment. He adheres to what may be called the traditional English view as to the futility of the mercantile system. He would endorse Buckle's pithy statement of that view :—"The misconception of the true nature of barter was not only an immediate cause of war, but increased those feelings of national hatred by which war is encouraged." Those to whom this doctrine appears orthodox will be edified by Mr. Gill's discourse. But if there are any who hold with Schmoller that the mercantilists were more nearly right than Adam Smith, we fear that they will not be converted. If they believe not Adam Smith and the older authorities, neither will they be persuaded, though some good arguments are revived. The hardened Protectionist will hear once more unmoved that "very good grapes can be raised in Scotland"—at a price. This illustration is used to refute one of the four "fundamental mistakes" which Mr. Conrad Gill attributes to the mercantilists. We have only space to remark upon the last of these mistakes, the one which is said to be most operative at the present day. This is the doctrine "that the whole State is an organism of which Government and subjects are component parts." It must be admitted, we think, that such terms have been used, especially by German writers, to foster an inordinate kind of patriotism, a reprehensible pursuit of one's country's exclusive interests. But it may be doubted whether this aberration is due to an imperfect "abstract idea," as our author seems to imply, or can be corrected as if it were a logical fallacy. May it not be true, though said by a German, that there is something mystical in the relation between a person and his country? The conception belongs to the mysterious region of first principles, or axioms of conduct, in which we do not recognise our author as a guide. In that obscure sphere the short-cuts suggested by logical precision are not always safe. They are exposed to the danger which Mill indicates in his weighty observations upon the Principles of Definition: "We must take care not to discard any portion of the connotation which the word in however indistinct a manner previously carried with it." We are not satisfied that Mr. Conrad Gill has escaped this danger when, setting aside Plato and Aristotle, Hobbes and Hegel, as affected with the fundamental mistake of mercantilism, he lays down what we ought to think about the relation in question. He himself admits that the form of thought to which he objects "tends towards efficient government, encourages patriotism, public spirit, and self-sacrifice." Perhaps this spirit is not much encouraged by his own statement, that "there is

no welfare of the State apart from the welfare of the individuals who compose it." This statement is the direct contradictory of the sentiment expressed by Pericles when exhorting the Athenians to sacrifice themselves for their country. Was he making a "fundamental mistake"?

Perhaps Mr. Gill would have better employed his considerable logical acumen in avoiding the appearance of something like the fallacy which logicians designate Composition and Division. We refer to his argument "that there is little inducement for the citizens of the nation in their own interests to desire increased political power and expansion of territory." This would be true no doubt if the Cobdenite millennium prevailed universally. In such a world it might be no advantage to any nation to acquire harbours and coaling stations and military force as an insurance against invasion by Prussians or other mercantilists. But in the existing world it is not true "in Division," as the logicians say, that each nation has no interest in making such acquisitions. The pacifist doctrine has the peculiarity that it is only true if universally accepted. Suppose that it were adopted by a part of the world, and that several nations accordingly relaxed their military preparations and martial spirit. The cheap conquest of their territory might well prove a net advantage to some of the unconverted nations. No doubt Mr. Conrad Gill did not intend that his views should be adopted in this partial and unsymmetrical fashion. But we think that in order to escape misinterpretation he ought to have separated himself more clearly from Pacifists such as Mr. Norman Angell. Whereas his reasoning is often on a level with that of the *Great Illusion*; even down to the paradox that an indemnity "would seldom be an appreciable advantage to the people" (receiving it). With these reservations we cordially accept Mr. Conrad Gill's conclusion that "if the world were set free from the remnants of mercantilist ideas there would be comparatively little ground of dispute, and so little international jealousy that when disputes did arise the Governments would be disposed to appeal for their settlement to justice rather than to warfare."

*Economics in the Light of War.* By R. A. LEHFELDT. (Johannesburg: South African School of Mines; London: Wesley and Son. 1916. Pp. 56. 1s.)

MANY old truths respecting consumption and production are here placed in a new light. Professor Lehfelddt reminds us that