that the illustration has been artificially simplified and that there intervene between the cause and the effect a great many agencies, such as the number of purchases effected by each piece of money, the number of sales undergone by each piece of goods, and other circumstances about the variations of which we are absolutely ignorant.

The improvement in production during recent years has a certain bearing on the consequences as well as on the cause of the fall of prices. If the quantity of goods *per head of population*—whatever may be the case *per piece of money*—has increased, then it may be expected that *pro tanto* the average entrepreneur from the increase of his turnover will be favourably affected both in pocket and " imagination." Elsewhere, when Mr. Price is contending that a rise of prices is on the whole advantageous, he argues that even those who suffer from their receipts—such as customary fees—being fixed derive some compensating advantage from the increase of business which may be expected to attend a rise of prices (p. 63). Ought he not consistently to admit that in the recent fall of prices even those who suffer from their disbursements—such as long-standing debts—being fixed derive on an average some compensating advantage from the increase of business which has, as a matter of fact, been simultaneous with the recent fall of prices? [1]

The advisability of the practical conclusion to which Mr. Price points depends largely upon another probability which it does not lie within his present province to evaluate, though he adverts to it with his usual comprehensiveness : namely, the possibility of " forming or maintaining in the future a union of nations sufficiently strong to counteract by the demand for coinage at their mints such changes in supply as are likely or conceivable."

Strikes and Social Problems. By Professor J. SHIELD NICHOLSON. (London : Adam and Charles Black, 1896. Pp. 236.)

" THE reaction in favour of the classical political economy," the title of one of the essays here collected, might be applied to the whole collection. There had been, the author tells us, a reaction against certain principles of political economy. " Exceptions were multiplied to such an extent that many people began to think the principles had vanished. This reaction or conversion has now attained such a pitch that the converted seem to think

[1] *Cp.* ECONOMIC JOURNAL, Vol. V. p. 440.

that individual freedom is certain to be productive of evil results, and that all virtue is to be found in collectivism." Against this exaggeration Professor Nicholson urges "a plea for industrial liberty," not only in the essay thus entitled, but throughout the volume.

He dwells first upon the cost of strikes. Referring to the great coal strike for "a living wage" he points out that, "even if wages are not reduced for eighteen months" (written in 1893), by the end of that time the miners will have earned just the same as if they had continued at work all the time at the reduced rate. The gain in idleness would not compensate the privations of the strike. "What miner would have parted with 7*s.* 6*d.* in the strike to be paid 7*s.* 6*d.* after a year and a half? The 7*s.* 6*d.* during the strike might give his children food for a week, but the same sum on the top of 34*s.* 6*d.* would only bring extra comforts and not indispensable necessaries." (The author felicitously applies the principle of final utility of which in a later essay he has spoken somewhat disparagingly.) Unions have not increased the total wealth of the country. "It is even very doubtful if on the whole in recent years they have increased wages at the expense of profits." "The general result of universal combinations of labour will be to lessen on the whole the national production and thereby the national consumption."

In the essay on *Profit-Sharing*, Professor Nicholson maintains the essence of the older teaching—namely, "that the work done will vary according to the interest of the worker in the result." He lops off some excrescences which the cultivators of profit-sharing have attempted to graft on the general principle: in particular the error of supposing that profit-sharing can be a substitute for trade-unionism.

In another essay *the reality of industrial progress* is shown. The progress of Society has not consisted in making the rich richer and the poor poorer.

"There were in 1891 in the United Kingdom upwards of 33,000,000 of sheep, 11,000,000 of cattle, and 4,000,000 of pigs. Besides this there were imported enormous quantities of live stock and meat of various kinds. Now I think it would be a very interesting sum to work out: 'If all this meat is consumed by a few bloated aristocrats and plutocrats, what must be the average size of their stomachs?' The answer would come out in hundreds of thousands of cubic feet."

A similar reflection (p. 228) and other optimistic conclusions are suggested by the essay on the relative strength of capital and labour. These lessons are not closely bound up with the author's peculiar views on living capital which are now reprinted from the ECONOMIC JOURNAL (Vol. I. p. 95). It is possible to accept the practical lessons while holding with J. S. Mill that "in propriety of classification the people of a country are not to be counted in its wealth"; with Professor Marshall that "it seems doubtful whether an estimate of the capital value of the population as a whole can serve any useful purpose."

The reaction in favour of the classical political economy as conducted by Professor Nicholson resembles the original movement as started by Adam Smith in deriving considerable support from the power of felicitous expression. It is impossible within narrow limits to fully justify this comparison; copious extracts would be required in order to convey an adequate impression of the sustained brilliancy of Professor Nicholson's style.

It is a more doubtful compliment to ascribe a certain Ricardian trenchancy to our author's logic. Ricardo, as he himself tells us, "imagined strong cases"; and, as Professor Marshall adds, he "purposely omitted many things which were necessary for the completeness of his argument." A similar concentration may be attributed to Professor Nicholson. Thus, when arguing in favour of competition he maintains: "the first result of the principle of competition applied to wages is that for equal efficiency there shall be equal wages, and no scheme of Socialism founded upon reward according to deserts ever arrived at more perfect equality." The equalising influence of the market is thus felicitously illustrated:

"A duke might be willing to pay a cook five thousand a year rather than do his own cooking, and a cook might be willing to accept his keep as wages rather than do his own starving, but the actual market price of a cook will be between the two extremes. And the reason is that, under competition, all the cooks (making allowances of course, by a kind of multiplication table, for differences in quality) for work of the same kind 'must have the same wages'" (p. 31).

But might not the Socialist reply thus? As the dukes, the captains of industry, are comparatively few, as, in Professor Marshall's words, "a man who employs a thousand others is in himself an absolutely rigid combination to the extent of one thousand units in the labour market," the market price of the work may well be nearer the starving point than to the other extreme. And our complaint is against the unequal treatment of the cooks and dukes. That the cooks fare equally well or badly as compared with each other is a poor consolation.

Professor Nicholson's rejoinder, we may conjecture, would be as follows: The portion of the "dukes" is small; the greater part of the wealth annually produced in the United Kingdom is consumed by the working classes (pp. 89, 128). The higher remuneration of the higher ability is just; "intellects of this sort . . . deserve this scarcity value" (p. 132).

Some exception may also be taken to the following argument against combination:—

"Suppose then that the minimum wage demanded is above the competition rate. What will be the result? The inevitable result will be, that there will be a lessened demand for labour. Works that only just paid at the lower rate must be shut up, if the price of the commodity remains the same; and if the price of the article rises, that of itself will check the demand of consumers, and in turn will limit production. If this were not the case, if mere insistence on a certain rate were sufficient to secure it, if nothing but obstinacy and endurance for a few months were necessary, what is to fix the minimum? why should it not be raised to five pounds or fifty pounds a week?"

But might not the dispositions of the capitalist and employing classes be such that, the price of labour being raised, the offer of other agents of production will not fall off so very much, but that the workmen's portion will be increased, while the total produce is a little, and the shares of the other parties are very much diminished. The *reductio ad absurdum* is not convincing; it might equally be objected that a government could not benefit itself by imposing or increasing a tax, because, if the tax were indefinitely increased, the proceeds of the tax together with the industry of the country would come to nothing. It is intelligible that there should be a certain maximum point up to which, but not beyond which, pressure can be exerted with advantage.

This on the preliminary supposition that the problem of distribution is treated only statically. The dynamical problem involves an incident which, as Professor Marshall says, was not sufficiently attended to by Ricardo, "the increase in the productiveness of labour that results directly from an improvement in the labourers' condition." Professor Marshall speaks of the fact that highly paid labour is generally efficient as "more full of hope for the future of the human race than any other that is known to us."

These considerations cannot have escaped Professor Nicholson, though he may seem not to have attached much importance to them. The practical conclusion is, as he intimates (p. 39), in a sort of mean between competition and combination. The determination of such a mean by a balance of counteracting considerations is an act of judgment which does not admit of being reduced to exact rule. It is an estimate which may be bettered by comparison with other estimates. Those who are not so committed to their own opinion as to think it incapable of correction will consider with great attention and deference the judgment of such an authority as Professor Nicholson.

The calibre of his intellect, the capacity of seeing the general in the particular—and illuminating both with the brightness of style—is further exemplified in the description of *A Voyage Round Africa*. What a vivid impression of what has been called the real cost of labour is given by the following description of the work of firemen in a steamer on the Red Sea :—

"You can form some idea—intellectually—of the condition under which the firemen and engineers work when I tell you that the temperature recorded at the time of my visit was 136°; but mere figures fail to express the effect on the feelings and on the vital strength. . . . And besides the heat there is the unceasing clamour of the machinery, and the perplexing rush of wheels; there is the pitching and rolling of the vessel; everything that is touched is steeped in grease and coal-dust, and the stifling air is hardly penetrated by the feeble glow of the lamps; and in a word every one of the senses—touch, sight, smell, hearing, the very taste—is offended, jarred upon, and nauseated."

All will agree with Professor Nicholson, in thinking it strange "that with all the progress of mechanical science, the only way of getting coal into a furnace is by pitching it in with a shovel." To some it may also appear strange that with all the progress of social reform, the hardest work should not be adequately paid.

A plea for the abolition of slavery in Zanzibar aptly concludes a volume which breathes throughout the spirit of liberty.

Leerboek der Staathuishoudkunde. Door N. G. PIERSON. Eerste Deel. Tweede herziene druk. (Haarlem : E. F. Bohn. 1896. Pp. 671.)

THIS is the first part of the second edition of the great treatise in virtue of which Mr. Pierson may be regarded as the *doyen* of Dutch economists. Among the considerable additions to the work which have been made is an introduction relating to the