

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 Decl. 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

scope and method of political economy. The distinction which is drawn by some German writers between theoretical economics and economic policy does not commend itself to Mr. Pierson. That no such sharp line can be drawn is taught with authority by one who has applied as finance-minister the science which he had contemplated as professor. Adam Smith's description of the subject in the opening sentences of the *Wealth of Nations* is complained of as too simple, leaving out of view the essential characteristic of exchange. It is as if we had to do with a communistic society. Upon the nature of economic laws our author takes an equally distinctive, not to say a polemical position. "Marshall's definition of economic laws is just, but imperfect." Rogers' disparagement of the search for tendencies was mistaken. This topic leads on to the method of political economy. It is refreshing to find in these days a first-rate economist who has the courage to say that deduction is the only effective method. Mr. Pierson's view about the rival method, "the so-called induction," appears to us to be much the same as that which Professor Marshall has expressed in his Inaugural Address. Mr. Pierson, however, expresses disagreement from Professor Marshall, because the latter in his *Principles of Economics* holds that all the devices for the discovery of the relations between cause and effect, which are described in treatises on scientific method, have to be used in their turn by the economist.

Mr. Pierson gives a favourable specimen of his deductive method in his reasoning concerning the effect on house-rent of a change in the cost of building, or of a new tax. With a precision that has not characterised former writers on this subject, he distinguishes four cases:—(1) where owing to the abundance of building-land there is no ground-rent or only an insignificant one; (2) in localities deserted by fashion where the existing houses fetch a rent less than that which should normally correspond to the cost of building; (3) where there is a rentless margin at the outskirts of a city, with an interior area within which ground-rents form a considerable portion of the house-rent—larger and larger as we approach the centre; (4) where there is no available building-land—no rentless margin—owing to surrounding walls or water, or conditions like those which isolate the City of London. Suppose now the cost of building to be altered. Case 1 follows the ordinary law of manufactured commodities. In cases 3 and 4, the change in the cost of building is without influence on the house-rent. The third is the most general and difficult case. At the margin—supposing that with the increase of population

there is a demand for new houses—the rent paid by the occupier will be raised to the full extent of the increase of the cost of production, so as to afford the builder ordinary profits. The increased price of house accommodation at the circumference will increase the competition for houses in the interior and send rents up to a point such that the excess of the rent paid by the occupier in the more favoured localities over that which is paid at the margin should be about the same as—or, Mr. Pierson has reason for thinking, rather less than—before. The effect of a tax on house-rent is governed by the same principle.

Among other additions to the second edition are some passages in the chapter on (agricultural) rent, recognising Professor Marshall's explanation of the effect of improvements on rent. In the chapter on the interest of Capital Mr. Pierson adopts Dr. Böhm-Bawerk's views as to the demand for future goods. The chapter on wages has also been enlarged so as to discuss practical problems more fully.

The second part, on money, banking, foreign exchange, has not been altered much. It has, however, been brought up to date. Thus with regard to the alleviation of debtors by the depreciation of currency, reference is made to Mr. L. L. Price's quite recent book on Money. Many of the most cherished doctrines of the Bimetallists do not find favour with Mr. Pierson. Thus he sets small store by the argument that the depreciation of the currency of a country—whether silver or paper—with respect to gold acts as a bounty on exportation to gold-using countries. He denies that steadiness in the purchasing power of money is in all cases desirable. Thus in the case of a general rise in the productive power of labour, it is best, he thinks, that prices of commodities should fall, the price of labour remain constant. That prices have fallen in recent years Mr. Pierson admits on the evidence of index numbers. He admits that index numbers may ascertain the *fact*, but doubts whether they can measure the *extent* of a change in the value of money. Considering the enormous "error" to which these measurements are confessedly liable, this scepticism can hardly be judged immoderate. And yet in the case of other obscure perceptions, where nice degrees of quantity are not cognisable—for example, in comparing the ability of two persons, or the pleasurable-ness of two courses—if we are competent to perceive the fact of a difference, we are also competent to roughly estimate the extent of the difference, to affirm that it is considerable or trifling.

But an adequate discussion of statements so authoritative as

Mr. Pierson's must be postponed. It has been attempted here merely to indicate the principal additions which have been made to the second edition of this standard work. A fuller consideration might be more appropriate when the English reader can be referred to chapter and verse in a translation; which we earnestly hope will soon be forthcoming.

Istituzioni di Scienza delle Finanze. AUGUSTO GRAZIANI.
(Torino: Bocca. 1897. Pp. 715.)

THE scope of this work is theoretical. The description of actually existing taxes is introduced in order to illustrate the general principles of taxation. This combination of the concrete with the abstract is very happy. Especially with respect to the finances of Italy, the reader obtains much valuable information, enhanced by being, as it were, set in a frame of theory.

The author is conversant not only with the theory and the facts, but also with the literature of finance. Both in the chapter devoted to the history of the science and throughout the work are to be found instructive references to writers whose names will be new to most readers. Particularly serviceable are his lucid statements of the views held by Dutch and German economists, and all whose language or style may render them inaccessible to the general reader.

To learning Professor Graziani adds logical acumen. He possesses in a high degree the quality which a great Austrian economist has called in a good sense "casuistry." For instance, the new remarks (p. 45) on the old question whether services can be accounted as wealth claim attention. In the spirit of the Germans our author distinguishes between a tax and an impost (p. 245).

"While the tax corresponds to a special service received from the State, the impost is a contribution for the general assemblage (*raggiungimento*) of public objects, and is not referred to any individual service conferred by the community (*consorzio collettivo*) on him who pays the impost."

Possibly, as Leon Say has remarked, all these logical distinctions never brought a penny into the Exchequer. Yet they serve to cultivate a dialectical power which is adapted to the subject. What confident assertions we have lately heard on one side or the other of the question whether money spent by Government on and in Ireland should be set off against her