book is the position of antagonism in which, with the controversial spirit apt to be found in those who have new thoughts on old subjects, he has placed himself towards Adam Smith [and his successors]. I call this a fault, though I think many of the criticisms just, and some of them far-seeing."

The Riddle of the Tariff. By A. C. PIGOU. (London: Brimley Johnson. 1903. Pp. 107.)

IT is impossible within the space allotted to reviews in the ECONOMIC JOURNAL to examine the total mass of literature on the fiscal question. It must suffice to test samples. In the last number we criticised what seemed the best book on the Protectionist side. The high honour of occupying a similar position on the other side seems deserved by the work before us.

In Mr. Pigou's lucid order two cries—that our national trade is decaying, and that our empire is falling to pieces—are considered as claiming urgency for four plans—protection in general, or limited to defence against the aggression of foreign monopolies, tariff bargaining, and Imperial preference. Advising the reader to follow carefully our author's contention that the evils are mostly imaginary and the remedies ineffectual, we shall only advert to some passages which seem particularly just or striking.

The dislocation of industry through foreign competition, which excites the first cry, is, he observes, "only a single species of a far larger genus. It is not because of Free Trade, but because the industrial army is continually advancing, that the road is strewn with abandoned baggage and lagging men." It is shown that the importation of foreign goods cannot injure our industries as a whole; since augmented imports must be paid for by augmented exports, unless, indeed, by exporting securities we are diminishing the sum total of our investments abroad. There is no evidence that we are doing so; and, even if it were the fact, argues Mr. Pigou, "it does not follow that any permanent reduction of employment would be involved. The capital withdrawn from investment abroad would almost certainly be reinvested in England."

Dumping, against which the limited kinds of protection are specially invoked, is of two kinds. Trusts and cartels in protected countries may find it profitable on the average, and, taking one year with another, to accept abroad prices considerably lower than those which they charge to the home consumer; or the foreign monopolist may pour goods into our markets at prices which, if continued for long, would ruin him, but which he is willing to take for a short time in the hope of driving his English competitors out of business. The fluctuation caused by the first process is probably not a very serious evil; the remedy is possibly worse. "In order to keep the prices of most imports stable an extraordinarily elaborate mobile and inquisitorial tariff system would be required." The attempt to secure stability in the price of corn by the "sliding scale" did not prove an encouraging experiment. The second, more drastic, species of dumping is not proved to exist. It cannot be realised except with commodities whose production outside of England is in the hands of a Trust which practically dominates the world. For it will not be worth while for a group of American or German producers to make heavy sacrifices in order to destroy their English rivals if other foreign producers are in the field, whose competition would prevent them from subsequently exacting the higher prices out of which their compensation should come. If, indeed, the practice really existed, there would be a *primâ facie* case for temporary protection. Against it have to be weighed the practical difficulties in the way of selecting the proper cases for intervention, the time for beginning it and for leaving it off. "Can we seriously suppose that a democratic Government, pressed upon all hands by interested suitors, bewildered by conflicting evidence, nervous of offending political adherents, would prove itself equal to that Herculean task?"

A similar intrusion of the "coefficients of human ignorance and frailty" may be expected if tariff bargaining is attempted. Even if the diplomacy were in the hands of a "Cabinet of Solomons" the probability of net advantage would not be very great under the existing conditions. In this case Mr. Pigou admits it to be possible that in spite of the most-favoured-nation clause there might be a real adverse discrimination against us in the class of goods which foreigners agree to tax. But he thinks "the fact that we are all-round manufacturers, and that our exports are exceedingly various, make it improbable that the evil, if it exists at all, is particularly serious."

On the subject of Imperial preference Mr. Pigou's close reasoning should be studied in connection with the demonstrations which he has given in the January number of the *Fortnightly Review* and elsewhere. The power with which he wields the organon of economic theory is of the highest promise. One who had observed the early work of Clerk-Maxwell remarked: "it is impossible for that man to go wrong in physics." For "physics" substitute what Jevons called the "mechanics" of industry and trade, and the dictum might be applied without extravagance to the author of the analysis that we have mentioned.

Elements of Political Economy. By J. SHIELD NICHOLSON. (London: Black. 1903. Pp. 538.)

THE scientific character of a work which is based on the author's *Principles of Political Economy* may be taken for granted. The claim of the work to the character of "Elements" may be defended, whether we consider the points in which it differs from, or those in which it agrees with, the larger treatise.

One difference adapted to the requirement of beginners is the suppression of controversy. The references to economic literature are reduced, and presented in a form which, it may be hoped, is calculated rather to allure than alarm the youthful student. The comparative terseness of the compendium accounts for another differentiating characteristic, a certain trenchancy proper to brevity. We shall dwell on one or two instances as illustrating the difficulties which obstruct the communication of economic knowledge in elementary doses. In the larger treatise Professor Nicholson had observed in the course of his lucid discussion of monopoly values (*Principles*, Vol. II. p. 66) that the monopolist must be able to adjust price and supply to any change in demand. "The monopolist, in the face of a fall of demand may indeed maintain his minimum price, but in most cases he will no longer obtain the maximum return possible, and in some cases the maintenance of the price might involve an actual loss." This is perfectly correct; both the assertion that the price which the monopolist will fix in the new conditions will not in general be the same as the old price, and the suggestion that the new price will be lower than the old price. But in some circumstances it is possible (as pointed out in the ECONOMIC JOURNAL, Vol. VII. p. 235) that the fall in demand might be accompanied by a change of elasticity, such that it might prove to the interest of the monopolist not to lower the price, but to raise it, or at least to keep it the same. Can it be right then to say unconditionally in the *Elements* (p. 248): "If with a fall in demand he [the monopolist] tries to maintain the old price he will no longer obtain the maximum profit possible under the circumstances"? Quite right, we submit, regard being had to the character of a compendious work necessitating round statements. A fall in