

trifles of this sort. In fine, free trade should be imposed on Germany—a condition which the author justifies by exhibiting *more suo* the evils of protection.

Alas! none of our authorities lead us to expect a speedy end of the present war, much less of war in general.

La Germania alla Conquista dell' Italia. By GIOVANNI PREZIOSI.
Con introduzione e appendice del Prof. MAFFEO PANTALEONI.
Seconda edizione interamente rifatta. (Florence: Libreria della voce, 1916. Pp. xxxii + 272.)

THIS is a second edition of a work which seems to have been published early in 1915; a second edition, largely rewritten, or rather rearranged. Redactions of this sort put a student of the earlier edition at some disadvantage. The distinction between what he has read before and what is fresh is obliterated by changes of form and insertions of new matter; the clear impressions obtained from the first reading become blurred. We may obviate this sort of confusion by observing that in the present version sections are reproduced *en bloc* from the first edition, not, however, in their original connection, but with intercalated sections borrowed from *La Banca Commerciale*, a work *in pari materia* by the same author, which first appeared about April, 1915. The two publications are named together as authorities for the important study on German methods in Italy which Mr. Albert Ball contributed to the *Quarterly Review* of last July. Mr. Ball's special acquaintance with Italian conditions enables him to corroborate some of the reasons assigned by Signor Preziosi for regarding the "penetration" of Germany as dangerous to Italy. For instance, Mr. Ball points out some circumstances which render shareholders—nowhere a very wide-awake class—in Italy particularly incapable of looking after their own interests, so that it was the easier for the Banca Commerciale to obtain control of a company by purchasing a substantial block, though only a minority, of its shares. Professor Pantaleoni also, in the new Introduction and Appendix which he contributes to the second edition, assists us to appreciate the significance of the facts adduced by the author. We should also call attention to the note which Professor Pantaleoni appended to the first edition referring to the Banca Commerciale. He there clearly exhibits the distinction between a "bank," in what we may describe as the English sense of the term, and a credit institution engaged in

financing industry. The latter sort of house does not require to keep a large amount of liquid capital—it is, indeed, astonishing how small a proportion of German capital served to set the Banca agoing. When such a bank has become an established institution it can exercise a formidable power by affording long credits to some firms, while it refuses accommodation to others. Confidential communications—*informazione riservata*—between interdependent banks are directed against boycotted firms. Then the alliance of the Press is brought to bear against the victim—the Press whose influence over the mind of the average ignorant citizen is described by Professor Pantaleoni with his usual felicity. Thus it comes about that, in our author's words, "when the *Commerciale* goes to war with any firm or company, whether to get the business into its own hands or to ruin it, it proves not to be difficult to create round the object aimed at an atmosphere of suspicion, to excite against it political prejudice, to discredit it morally, and to withhold from it all banking accommodation [creare . . . il vuoto bancario]."

When the efficacy of these and other underhand practices is explained it becomes intelligible that the Banca Commerciale has made considerable progress in the "conquest" of Italian industry: that it has directed the savings of the Italian people towards the fostering of manufactures in Germany or German enterprise in the East: that it has obtained control of the shipping and the iron trades, and many other branches of Italian industry, including the mercantile marine. "And who," exclaims our author, "can compute the enormous sums spirited away by this system from the pockets of the Italian people with the sole object of realising the maximum of profit, without any concern for the prosperity of the country, the improvement of the working classes, and the political independence of the nation?"

The picture of Italy thus strangled by the German octopus is dark indeed. But we may suspect some exaggeration, a tendency to overstatement, which is particularly regrettable, considering that the subject calls for judicial impartiality in a peculiar degree. For many of the statements, such as those relating to the transactions between companies, or rather their directors, must be largely inferential and require to be guaranteed by our confidence in the judgment of the witness. The evidence which can be set before the public must often be of a kind which, as Professor Pantaleoni observes, does not comply with the strict requirements of a court of justice. Even where documentary proofs exist, they may not be accessible to the general public.

Take, for instance, the surprising statement that the Socialist, Jaurès, was in the pay of the Germans. This is said to be proved by documents which Urbain Gohier has adduced in his *La Sociale*. But the majority of readers, to whom those writings are not accessible, must be content with authority as the basis of the statement. No doubt the authority is good—that of Professor Pantaleoni. Very high authority appears to us to be required in order to outweigh the *a priori* improbability of such a statement.

When we have ascertained the facts there remains the still more difficult inquiry, What conduct do they justify? Even Signor Preziosi admits that it is difficult to define the point at which the activities of foreign bankers cease to be advantageous and become detrimental to the country into which they have penetrated. Supposing that point passed, what action should be taken? Will it be sufficient to ensure publicity and to brand with infamy Italians co-operating with foreigners in the conquest of Italy? Or are stronger measures called for, such as Kruger, for instance, employed against the English, if not so strong as those which the Jews of old employed against their heathen neighbours?

The question concerns not only the particular country which is invaded, but all the civilised—as distinguished from the “kultured”—countries. Suppose that after the present war the majority of the nations by concerted action secure that no one country will again attempt, with any prospect of success, to wrest territory from others by military conquest. Yet, as the energies of enterprising men cannot be entirely bottled up, would not the discontinuance of war constitute an additional ground for allowing a vigorous nation to extend itself by economic expansion, which should be resisted by similar pressure in an opposite direction, rather than by measures discriminating against aliens? How are we to define the arts and aims to which the odious character of “conquest” is properly attributable from a “penetration” which is really peaceful and conducive to the increase of the world's wealth and the survival of the economically fit? In answering this question we must be careful not to follow those who are influenced by the Protectionist fallacy that the gain of the foreigner involves detriment to the home country. Nor are we much moved by our author's complaints that the foreigners have no “concern for the prosperity of the country” into which they have penetrated. Should we not rather agree with Adam Smith when he says, “I have never known much good done by those who affected to trade for the public good”?

But how far does the reasoning of Adam Smith and his disciples require to be modified when the traders under consideration are not competitors aiming each at his own maximum profit, but agents of a foreign State aiming at the expansion of that State, and in combination with each other and the State employing discrimination between customers and other practices not contemplated in the classical theory of competition? Economic theory is based upon presumptions as to the normal conduct of business. Now, "these presumptions," as Professor Pantaleoni puts it, "are founded on experience. Accordingly, when experience shows that the character of others has features of which we were before ignorant, we should take account thereof in our conduct for the future. . . . Not without profound modifications in our manner of thinking and feeling, and consequently in our conduct, experience will have taught us that it is dangerous to devote ourselves to the arts of peace while a neighbour is preparing for war, that it is foolish to trust to treaties if the neighbour values them as 'scraps of paper,' . . . that even in time of peace there is possibly a penetration by foreigners anticipating or preparing for war [*præbellica*] while clothed in the delusive forms of commerce and industry."

The Application of Official Statistics to Economic Problems. By J. C. STAMP. (London: P. S. King, 1916. Pp. 538.)

At least two reviewers would be required to do justice to the diverse merits of this work, which combines minute description of official regulations with comprehensive views on fiscal policy. We do not feel competent to appraise the accuracy of the descriptions. We shall, therefore, advert with some reservation to that large portion of the work which is devoted to the exposure of fallacies due to imperfect knowledge of details. With more confidence we shall praise the author's skill in handling figures and his subtlety in the treatment of economic and social problems.

Following an order suggested by these distinctions we begin by observing that the information compiled by Mr. Stamp will be useful and interesting to various classes of readers. The theorist who aims at reconstructing the income-tax so as to effect an ideally perfect graduation may find that it is not so easy as it seems on paper to shape the rough material of official statistics into forms of mathematical elegance. The tax-collector and all concerned with the administration of the income-tax will be