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It must be admitted, we think, that this contention has weight in general and except for the one nation which retains the command of the sea.

F. Y. EDGEWORTH

The Economics of War and Conquest: An Examination of Mr. Norman Angell's Economic Doctrines. By J. H. JONES. (London: P. S. King and Son, Ltd. 1915. Pp. xvii+160.)

The Great Settlement. By C. ERNEST FAYLE. (London: John Murray. 1915. Pp. xix+300 and Index.)

WHAT is the economic case—if there be one—against war? Or, more precisely, against wars of conquest waged to-day by one civilised nation on another? According to Mr. Jones, it is “simple and clear: it is that the certain material cost of war and preparation for war is not counterbalanced by the *chance* of great economic gain.” “The outlay is greater than the present value of the economic return which may reasonably be expected.” This, though less emphatic, is seemingly not very different from the well-known thesis of *The Great Illusion*. And yet the author, who started, as he tells us, prepared to find Mr. Angell's case irrefutable, was disappointed to find himself unable to accept the majority of his doctrines, and entirely out of sympathy with his methods of reasoning.

His point of divergence is set forth quite clearly. The contention that “war and conquest are economically futile, *i.e.*, that they do not result in material gain to the victorious nation” is ambiguous. It may mean that the *net* result is loss—which is the author's view: or that nothing at all appears on the credit side of the balance-sheet—which he supposes to be Mr. Angell's. It is difficult to discover any justification for this supposition, which could only be supported by forced interpretation of isolated passages. Mr. Angell is not oblivious of the credit gains—the “ten seen sovereigns that bulk more largely in the public mind than the millions that are out of sight”—though, like his critic, he thinks lightly of them. And how would Mr. Jones deal with a passage like this? “If the statesmen of Europe could lay aside, for a moment, the irrelevant considerations that cloud their minds, they would see that the *direct* cost of acquisition by force must necessarily exceed in value the property acquired. When the *indirect* costs are also considered, the

balance of loss becomes incalculably greater" (*The Great Illusion*, p. 94).

This misunderstanding runs through the book. At p. 12 the author, by italicising certain words in one half of an involved sentence of Mr. Angell's, and leaving out the second half, which qualifies them, draws the "corollary" that "defence, as well as aggression, is economically futile," which is not the meaning of the passage, and is opposed to Mr. Angell's most emphatic declarations.

Mr. Jones is somewhat more successful when he deals with particular branches of the thesis. His protest against the divorce of political and economic security is well founded. The alleged superiority, as investments, of the public funds of the small nations is not supported by expert opinion or by any wide statistical survey. Mr. Angell's case would lose nothing by the exclusion of this topic, since security, whether political or economic, concerns only the *defensive* aspect of armaments and military preparations.

A specially interesting chapter is devoted to the problem of indemnities. The indemnity of 1871, according to the author, "was no more than a comparatively unimportant factor contributing to the depression of the 'seventies in Germany." An indemnity, he concludes with Leroy-Beaulieu, is nothing but a "transaction in credits," and he even hazards the conjecture that the development of international credit has rather facilitated such transactions than made them more difficult. He has already contended in Chapter III. that wealth is not, as Mr. Angell thinks, rendered incapable of confiscation by becoming "intangible"; all that is necessary is that confiscation should adapt its methods to the changed conditions.

Criticism of this kind is not fundamental, but is not without importance, and the author, in general, makes his points in a manner to which no exception can be taken. He states Mr. Angell's case with accuracy and fairness, and imports no topics of prejudice. Here and there passages occur which call for some comment. At p. 24 he seems to think that industry is handicapped by borrowing. The contrary is, of course, the case; as Bagehot puts it in *Lombard Street*, "there is a steady bounty on trading with borrowed capital." He entirely misunderstands the passage which he cites at p. 39 from *The Great Illusion*. The reference to a fall in German credit is perfectly general, and there is no tacit assumption of trading between belligerents. The railways of Alsace-Lorraine (p. 99 and *note*) never belonged

to France or to the province. They were the property of a private company. At p. 119 the author well says that "all modern nations which foster a great variety of industries are probably complementary rather than competitive," because "competition results ultimately in readjustment." It seems, therefore, rather inconsistent to assert (p. 121) that Mr. Angell is *probably* wrong in "implying that what holds for Germany and ourselves holds also for every other pair of nations."

Mr. Fayle's book is accurately described in the publisher's note as a "survey of all the important problems—territorial, racial, colonial, economic and political—which will, or may, arise at the close of the present war." The only portion which properly calls for review in this JOURNAL is the chapter in which the author discusses "The Economic Factors of the Settlement." The principal topic is the problem of an indemnity, the exaction of which he seems on the whole to think impracticable and undesirable on any considerable scale, though he admits an exception in the case of Belgium. The argument, so far as it is purely economic, is mainly rested on the contention that it is impossible "to destroy the purchasing power of Germany without injury to British trade." "To the extent to which the payment of the indemnity left Germany impoverished, her value as a market for the British exporter would be diminished." That the argument, at any rate in the form stated, is untenable, may be seen by inverting it. "To the extent to which the non-payment of an indemnity leaves Britain impoverished after the war, her value as a market for the German exporter would be diminished." The truth, of course, is that the exaction of an indemnity does not decrease the total purchasing power of the two nations; it simply redistributes it. And in any case we must remember, as Mr. Jones pertinently reminds us, that even to cut out totally the consumption of a single nation is not quite the same thing as cutting out that of the whole world. At present we have no commercial intercourse with Germany and her allies, and the results, though they may occasion inconvenience, do not spell disaster. Again, the author points out that the exaction of a heavy indemnity might ultimately result in making Germany a more formidable commercial competitor than before. To the extent to which she became a competitor, if we may trust Mr. Jones's formula and past experience, she would also be a customer.

Mr. Fayle, in considering whether the total cost of the war, or a substantial portion of it, might be offset by an indemnity,

assumes as a basis for discussion that the direct expenditure of the Allies for a twelve months' war would amount to £2,000,000,000. Want of space precludes even a summary of the argument, but the general conclusion is that while this sum, or even a greater one, might possibly be levied by instalments spread over a lengthy period, the difficulties of securing payment would be practically insuperable.

The case of Belgium, which he admits as an exception, does not appear to be economically distinguishable, except in degree, from that of any other country which has suffered through German aggression, though unquestionably this gallant and sorely-trying nation has earned the moral right to be compensated to the fullest extent before any other receives its share. In her case, Mr. Fayle thinks that "the transaction will be wholly or largely free from any fear of the injurious reactions . . . already discussed," inasmuch as the indemnity is required "for the re-establishment of railways, bridges, and roads," and similar purposes, and will be paid in the form of materials delivered on the spot. The meaning of this distinction is somewhat obscure. The form of the payments can make little difference to the loss the Germans will suffer in paying them, and similar considerations would seem to apply to the case of France, and even to our own country in respect of the damage to merchant shipping.

It is not possible to examine at length the author's treatment of other forms of financial or economic compensation which have been suggested in place of an indemnity, such as the establishment of a Zollverein of the Allies, or the imposition of duties on German manufactures. They are nearly all open, as he rightly concludes, to serious objection. But there is one fascinating suggestion which he mentions merely in passing, and does not, at least directly, discuss—"the imposition upon Germany of a free trade system in regard to the allied countries." Economically, the proposal is unobjectionable; free traders and tariff reformers who quarrel only with "one-sided" free trade should welcome it alike. Of course, it is open to other objections, of which the most formidable is that fiscal systems are domestic concerns with which it is politically undesirable that foreigners should meddle. But might this difficulty not be got over, or at least mitigated, by offering the free choice between an indemnity, in the ordinary sense of the term, and free trade with the Allies? A reformed and de-Prussianised Germany might accept the alternative with relief, and even with gratitude.

Mr. Fayle's conclusions on all these difficult economical
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problems are set forth with great ability and knowledge and an entire absence of dogmatism, and will repay the most careful study. Though the rest of the book is not within the scope of this review, it is not, perhaps, out of place to call attention to the admirable insistency and skill with which the author brushes aside all minor considerations and brings racial and territorial problems to the one touchstone—the permanent interest of Europe in the freedom of each unit or group of units to develop its civilisation in accordance with its own ideals.

H. H. O'FARRELL

The Industrial History of Modern England. By G. H. PERRIS.
(London : Kegan Paul. 1914. Pp. xix + 603. 6s. net.)

Economic History of England. By M. BRIGGS. (University
Tutorial Press. 1914. Pp. vi + 508. 5s. 6d.)

THE ideal text-book should combine absolute lucidity of statement with accentuation of the salient facts and be stimulating enough to make the reader wish to pursue the subject further. Such books are rare, but it has always seemed to me that Dicey's *Law and Public Opinion in England in the Nineteenth Century* is an instance.

As a rule, short books covering long periods of history are the very acme of dreariness. They usually have as their main object the assistance of candidates through examinations. Of such a type is Briggs's *Economic History*, the ambition of which is the provision of "sufficient material to enable students to pass the Cambridge Historical Tripos, the Intermediate and Degree examinations for B.Sc (Econ.) London, and examinations of similar standard."

Other text-books aim at being interesting to the general reader while not disdaining to assist the student; they attempt to stimulate and not merely to coach. Mr. Perris's book seems to belong to this class.

Again, there is the third type, the brilliant essay, of which Professor Ashley's *Economic Organisation of England*, recently reviewed in this Journal, is an example. The appeal of such a book is to the student who already possesses some knowledge of the subject. Mr. Perris's book hardly attains this rank; it is the production of a clever journalist who has got up the subject rather than the work of the master writing out of the fulness of his knowledge. It deals with a period hitherto scarcely touched in text-books, except by Professor Dicey in his *Law and Opinion*