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REVIEWS

The American Cotton Industry. By T. M. YOUNG, with an Introduction by Elijah Helm, Secretary of the Manchester Chamber of Commerce. (London: Methuen & Co. 1902. Pp. xvi. 146.)

FOR some time Lancashire has been feeling the pressure of American competition, and startling reports have recently been received as to the low real cost of production in America. A Committee of Lancashire Manufacturers consequently visited the United States last year and this Committee was accompanied by Mr. Young as the representative of the *Manchester Guardian*. The Committee has not yet published its report, but Mr. Young wrote numerous interesting articles in the *Manchester Guardian* which are now republished in book form. Mr. Young is a careful, discriminating and critical observer, and as he had, moreover, the advantage of expert advice his book possesses considerable value.

There is no doubt that in the cotton industry the Americans are our most serious rivals. Their spindles numbered some 19½ millions in 1898 as compared with 45 millions in the United Kingdom. Of looms they possessed 453,281 in the same year, that is between two-thirds and three-quarters of the number here. Moreover, in the last few years the figures for America have increased considerably, particularly as regards the industry in the South. By the end of 1901 the Southern States had, according to an estimate, about 6¼ million spindles; in 1880 the number had been 548,000 and eighteen years later 3,550,000. These figures suggest that the efficiency of the industry in America must be high and that the Southern States must possess some special facilities for the manufacture of cotton. Mr. Young's observations bear out these suggestions. It would seem that the real cost of production is lower in the United States than in England, so far as concerns fairly coarse work; in 1840 we had an advantage of about 19 per cent. (neutralised by the cost of carriage),¹ and by 1890 it was commonly supposed that while England spun cheapest, the United States could do the cheapest rough "manu-

¹ James Montgomery, *The Cotton Manufacture of the United States*, 1840, p. 109.

facturing" (*i.e.* weaving). Then the very interesting question arises, To what is the cheaper production due? It is not due to the operatives, Mr. Young concludes; and he submits that it is not likely, seeing that the American operative in the northern mills "is, oftener than not, a French Canadian, a German, an Italian, a Hungarian, an Albanian, a Portuguese, a Russian, a Greek or an Armenian." *One of the chief causes seems to be the originality and enterprise exhibited just now in the management of American businesses.* Automatic looms, for instance, have been largely introduced into the United States—80,000 are running there now, while they are being tried only experimentally and very tentatively in England. It is true that they are not so suitable for the common run of English goods, but when the Lancashire manufacturer compares the 4—6 looms to an operative in England with the 12—20 automatic looms to an operative in America, he would do well to consider seriously whether they might not be rendered suitable. It must be borne in mind that the serious competition of America is confined to coarse counts in spinning and to coarse fabrics only.

The situation in the Southern States is a problem for the economist, and Professor Ripley of Harvard is engaged in investigating it. The cause of the advantage now possessed apparently by the South does not consist wholly in the cost of carriage of the raw material it would appear, and 80 per cent. of the mills are in North and South Carolina and Georgia, to which the cost of carriage from the Mississippi Valley, whence much of the cotton is procured, is not strikingly less than to New England. And here it is of interest to notice that according to Mr. Young there is no appreciable difference between the costs of carriage of raw cotton to New England and Lancashire. Many people seem to believe that one cause is the low wages in the South, which are thought to be lower even than the admitted lower efficiency would justify. But here Mr. Young disagrees. He thinks it likely that now the real labour cost in the South is tending to be higher than in the North. Then we seem driven to the conclusion that the low cost at which the Southern factories are working is largely due to the fact that they are very specialised and very new and that their management is very enterprising. The Northern mills have to bear the losses involved in breaking up old machinery, while the Southern mills have not yet. It remains to be seen what the relative position of the Southern factories will be when they have to bear the cost of rejuvenating themselves, when they are more in need of subsidiary industries, when the scandals connected with the use of child labour are no longer permitted (if indeed they pay now), and when Southern wages have climbed higher as they show signs of doing. But let us be careful to avoid the pitfall into which the Royal Society is said to have fallen when it wrestled with King Charles's problem about the weight of live and dead fishes in water, and be sure that the cost of production is so low as it is represented to be. As Mr. Young says,

"visitors to America are seldom heard to complain, like the Queen of Sheba, that the half has not been told them. Some Americans . . . have a way of telling rather more than the half." And there are hints about financial difficulties in the Southern mills.

Mr. Young's book is full of interesting economic facts. Real wages, our author concludes, are higher in the United States than in England, but labour cost is lower. Again, labour-saving machinery has been introduced with bewildering rapidity in the last few years, but wages have risen and there is a scarcity of labour. Again, there is the important question of the cost of power. A great number of the American mills are run by electricity obtained from water power, and some use liquid fuel. These are but few of the interesting topics touched by Mr. Young, but we cannot follow him in greater detail here. We are badly in need of more books of this kind which will give us faithful representations of the state of industry and commerce in other countries.

S. J. CHAPMAN

Statistical Studies in the New York Money Market, preceded by a Brief Analysis under the Theory of Money and Credit, with Statistical Tables, Diagrams, and Folding Chart. By JOHN PEASE NORTON, Ph.D. (Published for the Department of the Social Sciences, Yale University, by The Macmillan Co., New York. 1902. 104 pp.)

"THE phenomena of economics lend themselves far more readily to the possibility of prediction than do the phenomena of meteorology." This sentence from Mr. Norton's concluding paragraph would make a suitable text for his treatise, which forms an elaborate and careful investigation of the statistical course of the reserves of, and deposits in the New York Banks, and of the Call Discount Rate in the New York Stock Exchange. The author does not allude to Jevons's *Autumnal Pressure in the Money Market*, but his method and general argument are exactly those which would be found if a writer had deliberately attempted to repeat Jevons's investigation with more recent figures, and in the light of recent developments in the theory of correlation.

The series with which Mr. Norton deals, are markedly "symptomatic"; reserves and deposits grow with moderate regularity throughout the period (1879—1900) in question; at the same time very rapid fluctuations are visible when the amounts week by week are plotted on a diagram. The general growth is separated from the short vibrations as follows: A "growth axis" or smooth line showing only the general movements, is constructed for each series, on the assumption that the figures increase by the same law as an amount at compound interest ($y = bc^x$), the constants being determined from the observations. This method is open to serious objection. It is not the case, at any rate at all frequently, that a series of figures given year by year increases in accordance with a simple mathematical law. In the curves of reserves