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useful, and there is much material to be collected from the trade papers and technical journals. The ground has been left almost untouched, and there is a rare opportunity for some of the students who are being trained in our newer economic schools.

HENRY W. MACROSTY

Les Syndicats industriels en Belgique. By G. DE LEENER. Pp. xvi, 348. (Brussels: Misch and Thron. 2nd edition. 1904.)

THE writer of this book holds a brief for Industrial Combination, and holds it very ably. By "Syndicat industriel" he denotes any association of employers, whether temporary or permanent, which aims at substituting collective action for free competition. Such collective action is not only a decisive step forward in the march of progress, not only the form of industry best suited to our age—it is the logical and necessary outcome of the previous system of free competition. In the days of Turgot and Adam Smith, when the evils of state interference and artificial monopolies were very near and very patent, free competition was acclaimed the ideal condition of industry. Never was ideal more disappointing. The nineteenth century has shown that free competition is no safeguard against commercial crises, that it can neither establish nor maintain a fair rate of profit or wages, that, in short, it does not make for economic harmony. It was after the great crisis of 1873 that combines sprang up in Europe. Among the chief influences at work we must count the lowering of profits caused by under-selling and cut-throat competition, the natural tendency to reaction against the Individualism of the past century, the example of the workmen's unions, the facilities afforded by protective tariffs, and lastly, the common human instinct of imitation. But the main cause lay deeper: it lay in the fact that free competition carried within itself the germ of the system that was destined to supplant it. Perfect freedom of competition must end in the monopoly of the strongest.

There are four kinds of industrial combines, but the dividing line, as the writer admits, is drawn somewhat arbitrarily, and each class shades off almost imperceptibly into the next. The "Entente" is the rudimentary form, often no more than a friendly understanding between business men, whom the Chamber of Commerce or the Exchange has taught that their interests are, or may with advantage be made, identical. It frequently owes its inception to the temporary pressure of a strike or an incon-

venient rise in the price of raw material. The "Pool" or second stage in the evolution of the combine is a more permanent organisation, which does not, however, possess any definite constitution. In the "Cartel" or third stage, the employers are a regularly constituted corporation: they keep their separate control over the internal organisation of their several businesses, but their commercial as distinguished from their technical policy is directed by the Association. The Cartel may aim at regulating the conditions of employment, in which case it is the direct counterpart of the Trades Union, or it may limit production, arrange a division of the market, or regulate the conditions of sales and prices. This form of association is very prevalent in Germany, and has also met with much success in Belgium, where it represents the highest stage in the evolution of industry which the country has achieved.

The Trust is the perfect form of organisation, the logical goal of industrial progress. It is the complete fusion of competing enterprises into a single enterprise. The writer deals at length with the various factors at work in the development of Trusts, and gives a detailed account of the "Ententes," "Pools" and "Cartels" of Belgium—their origin, history and effects on the country's prosperity. The fully developed Trust does not as yet exist in Belgium, but if American competition in the home market is to be successfully withstood, Belgium will be compelled to use every resource at her command, *i.e.*, to organise and concentrate her forces. For where, asks the writer, does this American superiority lie? Partly, of course, in her vast natural riches, which, however, are neutralised in foreign markets by the cost of transport. Obviously not in technical skill and knowledge, since these are accessible to every nation. There remains only one possible cause—her superior industrial organisation—and this the Old World must set itself to emulate. The ideal does not perhaps commend itself to social reformers, who would prefer to strive for a better partition of goods, a fairer distribution of wealth, the abolition of a parasitic class. All these are no doubt laudable and desirable objects, but before we can distribute we must produce, and how to produce to the best possible advantage is therefore a question which meets us at the outset of all industrial reform. The answer is:—Organise—concentrate. Industrial combines benefit alike the producer, the consumer and the wage-earner: they increase specialisation, and so effect economies in the cost of production; they encourage technical progress and prevent violent fluctuations either of prices or wages;

they tend to suppress or at any rate reduce long credits; they diminish advertising, and to a certain extent eliminate the middleman. Further, they lessen the risks of trade, reduce the interest on capital, and as they regulate industry so they tend to diminish speculation. The unpopularity of the American Trust, though unreasonable, is not difficult to account for. While the European Associations of employers developed gradually, the American Trusts came into existence suddenly, obviously, blatantly—knocking their angles against a thousand established interests. In many cases they were accompanied by financial abuses, over-capitalisation, and reckless speculation. These are evils, however, which belong not to Trusts as such, but to Joint Stock Companies. Moreover the popular mind inevitably connects Trusts with monopolies, rings, corners and jobberies of every description—regrettable incidents, not essential elements in the organisation of industry.

In this respect M. de Leener is perhaps unduly optimistic. The abuses which have made Trusts unpopular may be partly incidental, and to the small competitor who is bound to sink in the race it is no doubt a matter of indifference whether his victorious rival is a single firm or a corporation. It remains true, nevertheless, that unfair methods of disposing of competition cannot always be checked; that the “latent competition” which is society’s safeguard against monopoly is not always available, and that there are no signs at present on the political horizon of the abolition of the protective tariffs, which lend to Trusts their chief powers for evil. The dangers, though they may have been exaggerated, are none the less real, and though we cannot put back the clock, we must hope that the pendulum which has travelled from unchecked competition to almost unchecked monopoly—at any rate in the New World—will return to a more moderate intermediate position. Industrial organisation has a wide field of usefulness before it so long as it aims not at the suppression of competition, but the improvement of production and distribution, and in this respect M. de Leener has given us an excellent case for his side, and a valuable contribution to the literature of the subject.

HELENE REINHERZ