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and bad—which followed the “revolution” effected in English manufactures and agriculture. In sober judicious language he discusses in conclusion the prospects of the future. It scarcely remains to add, what those familiar with his previous writings will know, that the book furnishes abundant evidence of that diligent research and large erudition, which have won for him his high repute among economic historians. The present volume, however, possesses a peculiar interest in this respect. In the author’s words, it “embodies the substance of lectures” delivered at Harvard University in 1899. During the absence of Professor Ashley he was invited to lecture in that American University. If we may be allowed to say so, the arrangement was peculiarly felicitous; for to these two economists is jointly due the credit of the revival, if not the birth, of the systematic study of Economic History in England.

L. L. PRICE

The Trust Problem. By JEREMIAH W. JENKS, Ph.D. (New York: McClure, Phillips & Co. 1900. Pp. 281, small 8vo. \$1.00.)

FEW writers could bring so valuable a fund of varied knowledge of trusts to illumine the discussion of the reasons for, and the results of, that phase of industrial organisation which has powerfully impressed all observers in recent years, as is possessed by the writer of this compact little volume. Clear in statement and judicial in tone, its study will be of assistance to English as well as to American readers, for it will unquestionably assist in a rational apprehension of the nature and magnitude of the dangers and advantages of the aggregation of productive power under a unified control. Dr. Jenks condenses the results of a painstaking investigation, into the facts relating to American movements of the character stated, and supplies a basis for the formation of judgments, which should prove of value, in spite of important differences in the circumstances in America and elsewhere.

The analysis of the conditions which favoured combination of productive power at the earliest dates brings out the fact that a uniformity of quality in the product, as in the cases of petroleum, salt, sugar, and spirits, marks such cases. When to this is added the consideration that a comparatively large capital is required to constitute a productive unit of the most economic magnitude, the choice between combination and a ruinous competition often presented itself. A useful chapter deals with the important question of the wastes which competition involves. This is largely a question of the wastes of small-scale production, though there are important points in which competition leads to waste which is not, at any rate immediately, connected with the scale on which the production is carried on. On the distributive side, the waste of competition, has from time to time in the past, been acknowledged, and no lengthy reference need be made to the instructive presentation which this matter receives in the volume before us. We are, however,

tempted to refer to the mention made of the advantage that first-class management confers on the establishments which are important enough to be able to afford to secure and retain it. The remark of the author that skill in management is not "the mere taking advantage of an opportunity to cheat a customer or hoodwink a competitor" is by no means superfluous.

The extent to which combination of capital can, as tested by experience, secure monopolistic advantages, is examined with some care. It is shown that where the monopolists were too eager to fleece the public in its capacity of consumer, there they found their monopoly short-lived. If profits are not to be attacked by renewed competition, prices must be maintained at a level which does not invite such competition. In such a case, the possession of large capital and productive power will practically restrict possible competition to that from another combination in a collateral line of work. From this consideration follows the anticipation that combination will extend in the direction of embracing all steps of manufacture from the raw material to the finished product, not excluding the raising of the raw material itself. Actual experience points clearly in that direction.

One feature enters into the problem in a country of such enormous extent as the United States, which is of considerably less importance on our side of the ocean. It is the advantage afforded by the possession of producing plants favourably situated for the distribution of the product to different districts. Such a situation permits the effective underselling of any producer who is favourably situated with regard to only a limited section of the country.

In dealing with the promotion of the corporations which correspond to what are, in this country, called Combines, there are, naturally, statements as to excessive overcapitalisation, which reveal possibilities such as even the more extravagant of our promoters hardly dared attempt to realise, and such as the new Companies' Act may render, we will hope, an impossibility in the future. The difficult question arises, What is the proper basis of capitalisation? Is it the cost of the plant, its earning capacity, or its reproduction value? While the second of these has much to be said in its favour, it is pointed out how dangerous it is as a standard at the time of flotation, when the earning capacity of the combination is largely a matter of speculation. High capitalisation, too, tends to stimulate the attempt to make prices high, for the restraint imposed by the desire to avoid a dangerous competition, stimulated by the attraction offered by large profits to potential competitors, is lacking. The conditions imposed by the new Act just referred to are quite on lines recommended by Dr. Jenks as calculated to reduce the dangers of overcapitalisation. Restrictive legislation in the United States has been fruitful of modifications in the form of organisation of industrial combinations, as is instructively traced by our author, but has hitherto failed to reduce their power seriously. Guarantees for efficient management, in the

real interest of shareholders, can hardly be devised, in the face of a neglect of ordinary precautions on the part of the main body of shareholders. How often have not English shareholders suffered disastrous loss, through apathy or ignorance which permitted their property to be used in ways quite opposed to their interest? Yet such means of defence as exist are not by any means fully utilised by those who stand to lose by the neglect, as in a recent case in which the faithful performance of duty by an auditor, in pointing out the inadequacy of the information vouchsafed by a body of directors to the shareholders, procured dismissal as a reward.

A special interest attaches to Dr. Jenks's chapter on Prices, which is a study of the effect of the organisation of combinations on the prices of the products they control. A set of five charts show, in graphic fashion, the variations of prices of raw material, of finished product, and of the difference between these, before and after the completion of arrangements for consolidating the interests of producers, and also show how the later appearance of competition, for a shorter or longer period, affected the levels of the three items named. It is clear that the trusts have been able to raise prices not a little, but that, as before stated, the result of raising them largely has been to provoke renewed competition, which has often only ceased by the purchase of the competing concerns.

By their power over wages and employment, Combines can attack the interests of very important sections of the community. It seems hard to deny that, if the work of production and distribution can be done with equal efficiency on a smaller staff in certain departments, the community may be a gainer, or no loser in the long run, by a reduction in the numbers employed. If some of the establishments included in an amalgamation are not needed, the closing of them is an economy of the energies of the community. If the output needs reduction, one or more plants may, perhaps, be stopped with greater economy than would result in running all short time. Instead of large numbers being partially employed, a few are entirely unemployed. Is the loss to the community greater in the one case than in the other? It cannot be denied that idleness has a demoralising influence. But it seems not unlikely that the employees as a whole lose little, if at all, more through shutting down one establishment than in running short time in all. The problem of the equal distribution of the burden of such a plan could be solved by trade unions. Whether Dr. Jenks's anticipation of the extension of the plan of uniting employer and workman in common cause against the consuming public, as a result of the spread of capitalistic combinations, combined with growth of labour organisation, is justified, we are inclined to doubt, in the light of experience.

Some effort is made, too, by our author to throw light on the extent to which it is likely that, in the future, industrial combination will embrace an ever-widening sphere of production. The moderate view, which is so striking a feature of other parts of the

book, distinguishes it also here, and attention is directed to important conditions which promise to afford abundant scope for individual effort in the future as in the past.

The general conclusion, "that few trusts are entirely evil, and that none are all good," is more encouraging than certain pessimistic views which find expression in some sections of the press. It is founded on careful study, backed up by an elaborate analysis of the facts yielded by assiduous research, and associated with a definite plan for attacking those leading characteristics of the trusts which appear to militate against the general welfare. It has already been indicated that Dr. Jenks prescribes publicity as the chief remedial measure, and his draft bill, printed, with other proposals for checking the evils of trusts, in an Appendix, gives some of the particular modes of securing this defence against abuse. The occurrence in it of some provisions which the English law has already afforded to us on this side encourages the hope that the evils which they are designed to check may not become formidable here. The investor cannot be protected against himself, but he may be provided with a means of protecting himself against deception by others.

The time of the appearance of this book is an opportune one, and it will repay the time spent in studying it, to those who desire to understand the new problems which modern industrial conditions are creating for us. The absence of a protective tariff may considerably modify conditions in this country as compared with America, but that is only one feature, and does not create such dissimilarity as to diminish the value of this admirable study of American facts and the lessons they teach.

A. W. FLUX

Heimatpolitik durch Weltpolitik. Reden zur Flottenvorlage, 1900. Von ADOLPH VON WENCKSTERN. (Leipzig: Verlag von Duncker und Humblot. 1900. 8vo. Pp. 130. 2 marks.)

OF the fifteen speeches reprinted in this volume, one only is of any considerable length, and the rest contain in the main but a repetition of one and the same argument, with such flights of fancy as were suggested by the occasion.

The argument is supported by reference to certain statistics, by which it is shown that the people of Germany are in a high degree dependent on the maintenance of a foreign trade. Industrial prosperity is conditioned by the supplies of raw material from abroad and the sale abroad of a large part of the products of industry. The import of fertilisers is a necessity to the farmer, and exports of the fruits of the soil average some £25,000,000 annually, which gives a direct interest in the prosperity of foreign commerce to the agriculturists, in addition to that derived from their interest in the prosperity of the other classes of the community, to whom their products are sold