WILEY

Review

Author(s): L. L. Price

Review by: L. L. Price

Source: *The Economic Journal*, Vol. 11, No. 43 (Sep., 1901), pp. 384-391

Published by: Wiley on behalf of the Royal Economic Society

Stable URL: <http://www.jstor.org/stable/2956671>

Accessed: 27-06-2016 02:46 UTC

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at
<http://about.jstor.org/terms>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Royal Economic Society, *Wiley* are collaborating with JSTOR to digitize, preserve and extend access to
The Economic Journal

this handle to the enemy. But perhaps our author thinks that he has already sufficiently, though only implicitly, met this objection. Certainly it is hard to understand how any candid and unprejudiced reader can leave Mr. Sanger's book without agreeing that it is, to say the least, *expedient* to offer adequate compensation if we wish to effect any considerable reduction in the number of licensed houses. Until our temperance reformers get thus far we shall not get out of the present *impasse*. This book is commended to their attention, and to that of all students of a difficult problem which presses for solution.

C. H. DENYER

Italy To-day. By BOLTON KING and THOMAS OKEY. (London : James Nisbet & Co. 1901. 8vo, pp. xii. 365.)

THIS book belongs to a class of which it would not be easy to exaggerate the value or interest. The careful study by informed Englishmen of the conditions and institutions of other countries is a work which should awaken as much gratitude in the readers as it demands from the writers a combination of diligence, exactitude and judicial discrimination. The authors of the book before us have, we think, brought to its composition an adequate measure of these qualities, and, as a result, have produced, in a reasonable compass, an account of contemporary Italy, which is at once readable and instructive. A larger example of such books has lately been supplied by Mr. Bodley's *France*, and an earlier and more considerable instance is Mr. Bryce's *American Commonwealth*, while a notable gap remains to be filled by an account of the modern Germany which has arisen since 1870. If Mr. King and Mr. Okey have planned their work on a more modest scale than that adopted in either of the books we have mentioned, they have, on the other hand, dealt with a country not less interesting to Englishmen. It was a true observation of Mark Pattison that the "unhappy gift of beauty, which has attracted the spoiler of all ages to the Italian peninsula, has ever exerted, and still exerts, a magnetic force on every cultivated mind." The host of English travellers drawn to Italy will be glad to learn something of its political and economic condition, and they may on that account forgive the authors of this book for suggesting that a further sacrifice of the beauties of the falls of Tivoli might enable Rome, by the electricity obtained, to become a great industrial centre. There is another reason for the interest of Englishmen in Italy. It is true that the writers of this volume state that "the old sentimental attachment to the England of Palmerston and Gladstone and Victoria is dying out" among the Italians. They may even be correct in asserting that "a very strong resentment is now shown" in Italy "against our South African policy." And yet, until recently, one of the pleasures of travel in that country was the sense, whatever its real or sentimental basis might be, that the dislike or hatred of England, which other European nations took no pains to conceal, was replaced here by a warm feeling of enduring friendship.

The final chapter on Italian literature contained in the book will not concern the readers of the *ECONOMIC JOURNAL*. Nor indeed would they be directly interested in the political chapters, in which the position of parties is reviewed, and the *pros* and *cons* of the Triple Alliance are weighed, were it not that politics in Italy are so closely mingled with economics, that the general poverty of the people is the most conspicuous feature of Italian life, that the pressure of taxation is the most obvious and potent cause of that poverty, and that finance is, in consequence, the most serious and pressing problem which Italian statesmanship is required to handle. Even the quarrel between Church and State, which seems almost incapable of resolution on terms of mutual satisfaction, finds an economic side in the efforts of Catholic Socialism to secure the support of the people. The authors of this book do not take a pessimistic attitude on this perplexing question; for they think that the moderate men of either party are not far removed from a possible compromise. Indeed, in spite of much in modern Italy, which is calculated to cause despair, the general tone of the book may be termed optimistic. Against the notorious corruption of politics may be set the influence of the Socialist party, which, the authors believe, desires a pure and honest administration. Against the grinding poverty of the labourer may be set the industrial revival, which has characterised the last two or three years, and the remarkable development of some forms of co-operation. The state of education may still be deplorable, and the interest taken in its improvement small. Taxation, whether local or imperial, may be crushing in its weight; and its incidence, conflicting with equity, may press unduly on the poorer part of the population. The expenditure upon public works may be attended by considerable waste and corruption, and by a "magnificence" which the nation can ill afford. In disposition to work, in capacity for enterprise, in general moral character, the South may seem irreconcilably different from the North. And yet more encouraging facts must be considered in forming a complete estimate of the whole situation. In South America—in Brazil and, more especially, in Argentina—a new Italy is growing. The large flood of Italian emigration poured into these countries, unlike that which finds its way to the United States, carries a number of Italians to positions of influence and wealth. They do not, it is true, show any desire, such as that evinced by British colonists, to preserve a connection with the mother country; but they exhibit, under favouring circumstances, the virtues of energy and enterprise, industry and ability, which the North Italian, at any rate, possesses, and they promise to become a very important element of the population of the New World in the new century. In Italy itself a healthy tendency is increasing to restrain within due limits expenditure on the army; and the reduction of interest on the debt has become more feasible with the rise in the price of the funds, and the fall in the premium on gold, which have latterly occurred. The secret of economic progress is to be found largely in successful finance,

and the magnitude of the debt is in no small measure the cause, or excuse, of the crippling weight of taxation.

If the authors of *Italy To-day* exhibit a bias, it is in their judgment of the socialistic party; and yet on the facts, which they bring forward, it is hardly possible to declare that they are wrong. "The very rapid growth of Socialism," they remark, "its appearance as a Parliamentary party, its absorption of much of what is best in national life and thought, is the master-fact of Italian politics to-day." "A movement that barely existed ten years ago, is now the most living force; and its enthusiasm, its ability, its capacity of adaptation, are proofs of the political genius that is potent still in Italy." This is emphatic language; but it must be remembered that the Socialists of Italy, like the Social Democrats of Germany, combine with a comprehensiveness of theory repugnant to the English temper a programme of practical reform, which aims at little more than what in England has been, for long, accomplished fact. Italian Socialists have parted company from Anarchists. They have exchanged the rigid exclusiveness of the Marxite doctrine, which itself was "evolutionary" rather than "revolutionary," but objected to anything favouring the small proprietor or farmer, for a policy enlisting the support of that class, and advocating co-operation in the form of those *village banks*, which have been so successful in Italy, but were once disapproved by the Socialists. They have entered into active alliance with Radicals and Republicans, and thus "become the advanced wing of a great Parliamentary party, and stand out as the champions of constitutional right and of a very practical political and social programme." "The abolition of the corn duty, the consolidation of political liberty, the reform of the magistrature, is the programme of Signor Ferrero, the Socialist writer. The abolition of the corn duty, the reduction of the price of salt, safeguards for personal liberty against police abuses, is the almost identical programme of Signor Pantaleoni, the Radical Deputy," well-known to the readers of this Journal as a distinguished economist. The "minimum programme" of the party, which dates from 1895, is one, as the eminent historian Professor Villari declared, "that every sensible man could endorse almost in its entirety;" and it has been altered more recently in a more moderate direction. On its economic side, for example, it "includes improved factory legislation for women and children, the prohibition of night work except in cases of public necessity, a normal thirty-six hours' rest once a week, reform of the laws on Accidents, Insurance and Old Age Pensions, compulsory insurance against sickness, the encouragement of arbitration in labour disputes, admission of co-operative societies to contract on equal terms for public works, the reform of the laws between landlord and tenant, a Ministry of labour, the nationalisation of railways and mines, which are to be worked by co-operative associations or by the State." Of these reforms the last is the only proposal which could be called "revolutionary"; and "the eight-hours day and minimum wage,

which appeared in earlier editions," have now "disappeared." With such a programme, it is not surprising to learn that "many of the leaders of Italian thought are avowedly Socialists," that others belong to the "Extreme Left," of which the Socialists form the "advanced wing," that, while the party is at its strongest in the North, especially among the more prosperous industrial artisans, its influence is spreading in the unprogressive South, and among the agricultural classes, and that it has become a powerful Parliamentary force, allied with Radicals and Republicans.

This alliance was cemented by community of suffering from the repressive legislation, which followed the Milan riots of May, 1898. The authors of this book pronounce a severe judgment on the authorities for their action at that time. They maintain that they magnified, by precipitate, unwise conduct, what was in its origin a street disturbance, bearing no evidence of concerted movement or premeditated violence, into a revolution. They invoked, after crushing the riots by unnecessary bloodshed, severe indiscriminate methods of repression, prohibiting freedom of discussion, and assailing individual liberty, with hardly less rigour and cruelty than that with which Crispi had coerced the Sicilians four or five years before. The Milan riots themselves had been preceded by riots in the South, the undoubted cause of which was the misery of the poor, and the chief objects of attack were either the corn-dealers, who were thought responsible for the rise in the price of bread, or the Syndics and Communal Councils, which had placed the municipal duty on flour, or withheld from the poor their part in the communal lands. In Milan itself there was far less misery; but there was also a keener appreciation of the evils, which beset the country, and of the misgovernment, which appeared to be largely responsible. The loss of trade, following the commercial quarrel with France, affected the lower middle class as the duty on corn burdened the poor. "Italy seemed to have accumulated all the economic evils that bad government could bring—heavy taxes, high tariffs, a depreciated currency, adverse exchanges." And, to add to these troubles, confidence had been shaken in the honesty and capacity of the Government. This was due partly to the scandals connected with the bank failures, partly to the countenance by the authorities of the terrorism exerted by the Camorra in Naples or the Mafia in Sicily, and partly to the corrupt inefficient administration of public duties generally. There were reasons enough for a revolution; and the hopes of reform, aroused when the Abyssinian disaster occasioned the fall of Crispi, met with disappointment, or faint encouragement. And yet, but for official mismanagement, the authors of this book hold that no disturbance of a dangerous character would have occurred. They believe, on the whole, that the riots, lamentable as their immediate consequences became with the injudicious handling of the authorities, had the beneficial result of "clearing the air." They "created a plain issue between progress and reaction." The obstruction offered in the following year by the Extreme Left in

D D 2

Parliament to General Pelloux's bill, empowering the Prefects or the police to forbid meetings in the open air or in public places, and the Government to suppress associations aiming by overt acts at the subversion of social order or the constitution, though for the moment unsuccessful, gained in the end the object for which it was intended. The accession of the new King, in spite of the criminal act, by which it was occasioned, opened a new period of Italian politics, in which social and economic progress may be expected with greater confidence.

We have quoted the judgment pronounced by the authors of this book on the Socialist party to furnish the necessary material for framing an estimate of the bias, by which they may, or may not, have been influenced, and to show how closely Italian politics are connected with economic considerations. This connection may be regarded as the main thesis of the book; and, if the writers are misled in their reading of the position and aims of the Socialist party, or their interpretation of the significance of the riots at Milan, or their judgment on the conduct of the Government before and after, it appears probable that they may unconsciously have coloured too darkly in some places, and too brightly in others, the picture they have drawn of modern Italy. We think that they are substantially correct, and it would not be easy to dispute their facts, which often rest on statistical evidence. It is impossible, for example, to question the statement that "the wealth of Italy is pitifully small by the standard of Western Europe." An income, calculated at some £7 per head, compares unfavourably with the £31 of Great Britain, the £26 of France, and the £17 of Prussia. The rates of salaries and of wages are low. Of the former the authors supply several illustrative examples; in the case of the latter, the wages of boiler-makers, masons and carpenters, of agricultural labourers, and of women in textile mills, are less than half what they are in England. Hours of labour are long. The food consumed by the mass of the people is small in amount. Meat is rarely seen. Even the "quantity of cereals" eaten is "abnormally low"; and, in spite of a large use of vegetables and fruit, and of the admitted industry and capacity of the Italian navvy, who has made many of the railways of Europe, and constructed all the great tunnels which cross the Alps, the "typical Italian is underfed."

Italy, again, it is calculated, "pays a higher percentage of its income in taxes than any of the larger European States except Spain." On the poor the burden falls most heavily. The pressure of indirect taxation, local and imperial, is great; and workmen "earning daily wages between 2s. and 2s. 9½d. have, with doubtful legality, been compelled to pay income-tax," while the small farmer and proprietor pay income-tax, even when no profit is made, a succession duty on the same scale as the larger men, and land-tax and rates, which on the average amount to a fifth or a quarter of the net profit of the farm. In consequence of the general character of the scheme of taxation, and of the defective machinery employed for its collection, allowing opportunity

for unfair assessment or for positive fraud on the revenue, the richer classes escape more easily. The authors observe that "well has it been said that Italy is the best country for the rich man and the worst for the poor." In this respect the local communes copy the State. Their main sources of income are a tax on lands and buildings similar to our rates, and duties on food and other articles; and the criterion of good finance is the proportion observed between the two. For, while the first is comparatively free from objection, the second press with crushing weight on the poor. Municipal progress is slow save in the North. Personalty hardly contributes to local revenue, for the grants-in-aid made by the State are scarcely "appreciable," while it is unduly prone to appropriate for its own use sources of communal income, and the same powers are given to, and the same restrictions imposed on, almost every commune, whether it be great like Milan, or small like some Alpine village.

Finance, accordingly, is the crux of Italian statesmanship, and it is on the feasibility and reality of financial reform that economic progress hinges, and the removal of the grievances of the poor depends. So far as central finance is concerned, the main portion of the burden consists of the National Debt. "But for her national debt Italy would be lightly taxed." This debt is due to the reckless finance of the past. In 1899 its total amounted to more than five hundred millions of pounds, and the annual charge to some twenty-seven and a-half millions. A considerable portion, it is true, has been incurred for works, either directly or indirectly productive, such as railways, roads, canals and ports. But much of this has been wasted, and no small part has gone in political bribery. The curse of "megalo-mania," which is not confined to the central government, has left enduring evidence in unnecessarily magnificent buildings. For a large amount of the debt, however, the military and colonial policy of the country is responsible. Yet it is by no means easy to see how the financial difficulty can be satisfactorily met. As the revenue is inelastic, reduction of expenditure is the only alternative. But opportunities for economy are not very obvious. The expense of collection must continue to be heavy unless the whole system is changed. Unnecessary public works may indeed be abandoned, but others of undoubted necessity, such as reclaiming land at present waste, will take their place. "Money is needed to fight malaria, to stamp out phylloxera, and the olive pest, to cheapen postal rates, to improve the consular service, to protect emigrants, to make grants-in-aid to communes, that will enable them to carry out their educational and sanitary duties, and compensate them for the abolition of the local duties on food." The civil service is certainly overmanned, but it is no less certainly underpaid; and, while the decennial census of 1891 could not be afforded, not a single national library is "up to date." It is then in the cost of the army and navy, or of the public debt, that any "substantial economy" must be effected. The maintenance of the fleet is regarded as indispensable; but

expenditure on the army has been the subject of persistent, and not altogether unsuccessful, assault, and there is a possibility that the Triple Alliance, which, indirectly at least, has tended to encourage the increase of soldiers, may not be renewed in 1903. The conversion of the debt, again, will be rendered more feasible by a rise in the price of the funds and a fall in the premium on gold, and some signs of improvement in both these respects have recently been manifest.

Even the financial situation, accordingly, perplexing as it may seem, is not incapable of improvement, and the authors do not neglect to notice other encouraging symptoms in the economic condition. "There is, in fact," they observe, "every sign that Italy is at the commencement of a remarkable industrial expansion." In silk, "her most important industry," there has been notable progress during the last two or three years, both in the spinning and in the weaving branches. The cotton industry, though "younger and much smaller," "is developing even more rapidly." The wool industry, the "least important of the textiles," "shows the same expansion." "The metal industries are almost equally prosperous." The difficulties which have hindered development in the past are being overcome, so far as they lie within the range of individual effort. Heavy taxation and distance from the markets of raw material are indeed outside these limits. But the want of technical knowledge is "already nearly a thing of the past," the want of capital is gradually disappearing, as it is supplied from Italian and foreign sources, and the want of coal may not impossibly be met by the stores of electricity contained in the rivers. "On a general view it seems probable that Italy will soon become a very considerable competitor in the international market in all kinds of yarns and textiles, in electrical machinery, in motor-engines and boilers, perhaps in chemicals and furniture. Her rivers will do for her much of what coal has done for England. Her artisans bid fair to be the equal of any. Her splendid harbours, her large seafaring population, her proximity to the Suez Canal, the great market open for her among the Italian populations of South America, promise a great commercial expansion. Her manufacturers are doing what they can. It lies with the Government to do the rest—to reduce taxation, to attract capital, to improve and cheapen railway transport. There are observers who believe that Italy will, in the future, be more an industrial than an agricultural country."

At the present time, however, she is "mainly agricultural," and she is "naturally not a fertile country." "But the accumulated labour of industrious generations has made mountain side and sandy plain smile with fertility." The "varying climate and altitude of the country allow a rich diversity of produce." Wheat, maize, and other cereals, the vine and the olive, are the most important crops; and there is room for great improvement in the modes of raising and marketing these. Malaria, hail, and drought are the most formidable enemies of successful agriculture; but for the first a temporary remedy has now

been found, which promises great results, and it has long been known that much may be accomplished by drainage. For the third evil irrigation, and, in a more marked degree, afforestation, are effectual cures; and for the second the experiment of discharging cannon has been found successful. But "perhaps the most promising branches of Italian agriculture"—dairy and poultry produce, of which the exports have "doubled or more than doubled in the last ten years"—owe their development, not to that governmental action, which might, to a great extent, had it the funds available, combat malaria and drought, but to private enterprise and independent, though associated, initiative. The rapid spread of co-operative dairies and the wonderful development of co-operative banking have wrought a striking change in some districts of agricultural Italy, and raised even the peasant from "indigence" to "comparative prosperity." The common condition of the poorer agriculturist, whether he be labourer or farmer, remains indeed at a low standard, though the metayers, "where the system obtains in its purer form, are the most prosperous and contented section of the Italian peasantry." But even in agriculture "there is a revival, almost as notable as that which has awakened the country's industry to new life." Such is the general character of the conclusion reached by Mr. King and Mr. Okey; and for the details on which it is based we must refer our readers to their interesting pages. We are sure that they will not regret our advice to study with attention the economic chapters, of which there are many, contained in this book.

L. L. PRICE

Outlines of Economics. By RICHARD T. ELY, Ph.D., LL.D.,
Professor of Economics, &c., in the University of Wisconsin.
(New York: The Macmillan Co. 1900. Pp. 432.)

IT is difficult for any one to estimate the usefulness of a book that "is intended primarily for colleges" without having put it to a practical test, and made it a text-book in the actual teaching of economics. It therefore seems better in the present case to describe rather than to criticise Professor Ely's work. It does not, of course, pretend to be a full treatise upon economics, and its end is achieved if it is suggestive and stimulating enough to lead the student on to make use of the bibliography appended to it, and the lists of books that are given at the conclusion of the separate chapters. Book I. contains a historical introduction; Book II., under the head of "private economics," deals with production, transfers of goods (but not international trade), distribution and consumption; Book III. is entitled "Public Economics," and discusses public industry, the relation of the state to private enterprise, public expenditures, and public revenues; Book IV. sketches the development of economics, and there are appendices containing subjects for essays, discussions and debates, courses of reading, and a bibliography. The most interesting part of the book on private