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reasonable to look in this kind of edition. His letters and conversations might have been drawn upon more freely, with illuminating effect. When, *e.g.*, he mentions Necker in the *Wealth of Nations*, we might be reminded by a footnote that he characterised him orally as "a mere man of detail." And we should like, finally, such a bibliography of editions and translations as appears at the end of Mr. Haldane's monograph on Adam Smith, brought up to date and completed with references especially to the historical German essays of Roscher, Kautz, Zeyss, and Oncken. Nobody knows better than Mr. Cannan the immense assistance afforded by such a list.

The debt of gratitude which every lover of Adam Smith owes to Mr. Cannan for his edition of the *Lectures* is doubled by this edition of the *Wealth of Nations*. He will, perhaps, accept these suggestions as evidence of the obligations which one reader feels to him for his strenuous and successful work.

HENRY HIGGS

The Problem of Monopoly. By JOHN BATES CLARK. (New York: The Columbia University Press. 1904. Pp. 128.)

THIS book consists of a report of a course of lectures delivered by Professor Clark in Cooper University, New York. There is little in it which adds to the knowledge of those who have already read *The Control of Trusts*, but the bright style in which it is written renders it a most enjoyable book. The real question is, What would the powers of the trusts for harm be without a tariff? and it is almost certain that Professor Clark is too cautious when he is frightened of sweeping away every vestige of protective duty. A scientific tariff must for ever remain an idle dream of academic theorists, for, as Professor Clark observes: "With what difficulty shall they who have political entanglements rise to the level of patriotic work for the people! With what difficulty shall a body of men making log-rolling bargains with each other get even a glimpse of the scientific principles on which the reformation of a tariff should be conducted!" What is more, those who are interested in a protective tariff are not such fools as to want a scientific tariff; what they want, and in the United States they have got, is a tariff which enables large organisations to bleed the people. Surely, a complete abolition of the protective tariff would draw the teeth of many of the trusts, though railways and monopolies which control natural products, such as oil, would require some further treatment. To control

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monopolies is, no doubt, necessary, but it is difficult; to take away the main condition under which they do harm is still more necessary, and would not be difficult in a country which was governed in the interests of the community at large.

C. P. SANGER

The Theory of Loan Credit in relation to Corporation Economics. By J. PEASE NORTON. (American Economic Association. 1903. Pp. 56.)

MR. NORTON is favourably known to students of abstract economics by his brilliant attempt to apply the higher theory of probabilities to the phenomena of the money market. The very competent reviewer of that essay in the ECONOMIC JOURNAL (1902, p. 518) was justified in expressing a wish for "more such studies." This wish is now fulfilled by Mr. Norton's method of representing the distinction—one of degree rather than kind—between the fixed and running expenses of a business. "The correct statement is that expenses may be ranged along a frequency distribution according to the ratio which they vary with output. The vertical scale [the ordinate] in the above figure [a curve of a kind familiar to the student of probabilities] represents amount of expense, and the horizontal axis [the abscissa] the form-rate at which expense varies with output." The average value for the upper half of this frequency curve is taken to represent fixed expenses; the average for the lower half, running expenses. Upon this construction it may be remarked that the rate at which each kind of expense varies with output does not present a quite clear idea, in the absence of explanations which the author has not vouchsafed. Does not this rate depend on the magnitude assigned to the output? For a very small—a differential—output the rate is presumably zero with respect to expenses other than prime cost in the narrowest sense of that term. If finite differences of output are to be considered, there must be contemplated a rearrangement of the factors of production; and accordingly the rate in question will depend on the magnitude of the increment to the output. We may likewise complain of enigmatic brevity in the explanation of the scheme which is designed to represent the probability that the earnings of a concern will be large enough to assure a certain rate of interest for loaned capital.

These constructions subserve the purpose of throwing light on the business of companies. The mathematical student is assisted in one of his most difficult and important tasks :

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