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Political Economy in Italy

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Source: *The Economic Journal*, Vol. 7, No. 27 (Sep., 1897), pp. 450-459

Published by: [Wiley](#) on behalf of the [Royal Economic Society](#)

Stable URL: <http://www.jstor.org/stable/2957138>

Accessed: 31-03-2015 18:29 UTC

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judgments as those to which Gustav Schmöller, the leader of the "historico-ethical" school, has given utterance in the following remark :— " Adam Smith has treated the economy of life very well in *small things* ; in other respects he was a closet student, one indeed who knew how to lend significance to even second hand materials" (*Art* : " Volkswirtschaft " in the *Handwörterbuch der Staatswissenschaften*, by Conrad, &c., Bd. VI., 1894).

Men of the rank of Quesnay and Adam Smith do not belong merely to the nation which gave them birth. Other peoples also are deeply concerned in seeing them duly appreciated.

AUGUST ONCKEN

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POLITICAL ECONOMY IN ITALY.

IN that admirable essay upon Armand Carrel which, even at the present day, ranks among the most eloquent pages ever written upon the subject of French History, John Stuart Mill excellently describes the sudden revival of the French intellect after the year 1824, and, with great penetration, traces its causes to the then existing political and social conditions. " It was," he says, " the time when the Spanish war and its results seem to have riveted on the necks of the French people the yoke of the feudal and sacerdotal party for many years to come. The Chamber was closed to all under the age of forty ; and besides, at this particular period, the law of partial renewal had been abrogated, a Septennial Act had been passed, and a general election, at the height of the Spanish triumph, had left but seventeen Liberals in the whole Chamber of Deputies. The army, in a time of profound peace, officered too by the detested *émigrés*, held out no attraction. Repelled from politics, in which little preferment could be hoped for by *roturiers*, and that little at a price which Frenchmen will least of all consent to pay, religious hypocrisy, the *élite* of the educated youth of France precipitated themselves into literature and philosophy, and remarkable results soon became evident."

Unless I am much mistaken, a series of facts, analogous in many respects to these which are here described, are developing in Italy at the present time. The painful reverses which lately followed one upon the other, the military and political scandals which have disgraced our country, the increasing discredit of our Parliament, and all that terrible disruption in which the most brilliant personalities and the most distinguished reputations were so miserably wrecked, have exercised an influence, all the more profound as it was less heralded by forecasts, upon the minds of our intellectual classes and have radically changed their feelings.

That world of politics which, formerly, dazzled the mental vision

of our youths and shone before them as the beacon illuminating the final goal of all their efforts and all their aspirations, to-day arouses in their minds sensations of repugnance and contempt only ; and the host of those who withdraw from the uproarious arena of party strife, which has been sullied by so many displays of vileness, to the peaceful seclusion of private life, where they may devote themselves to brighter and purer contemplations, is daily increasing. Thus it comes about that to-day, as in former times, the political degradation of the nation is, as though by the law of providential compensation, instrumental in producing mental elevation, and Italy is indebted to her very misfortunes for the moral revival which is destined to restore to her the forfeited crown of the intellect. This revival becomes at once apparent in the Social Sciences, the progress of which we will more especially follow. In fact, we can point to a host of economic publications of which any civilised nation might well be proud, and the excellence of which is irrefutably proved by the fervour with which they are received and translated by that contemporary posterity, the foreigners. It will be sufficient for me to recall that the *Catholic Socialism* and the *Population and the Social System* of Nitti were translated into French and English ; and *American Protectionism* by Rabbeno into English ; while Alessio, Conigliani, Ferraris, Fiamingo, Graziani, Ricca-Salerno, Sbrojavacca, Stringher and Virgilj, are valued contributors to foreign Reviews and Encyclopædias. The time is therefore gone by, when the famous Economist Adolph Wagner was justified in asserting that in her scientific relations with other nations Italy received much and gave little ; since nowadays there has been established a profitable interchange of intellectuality between our country and other nations which have attained a greater maturity of scientific development, and since that which Italy contributes to that exchange is fully equivalent to that which she receives. Of this the reader will be sufficiently convinced by the detailed lists, which we shall presently submit to him, of the principal publications which have appeared in Italy during the last few years, treating of economical and social discussions.

The fundamental character of contemporary Economists of Italy may be resumed in two words : they are, essentially, searchers after truth. Contrary to their predecessors of twenty-five years ago, whose sole aim seemed to be to ensure victory to the principle of *laissez-faire*, modern Italian Economists do not intend to assure the success of any determined directions ; but their exclusive aim is to enrich by new discoveries the mental heritage of Humanity. None more aptly than they could assume as their device the motto of Dunoyer : “ I impose nothing, I do not even propose anything ; I simply expose.”

Not having any national tradition which it would be in their interest to defend, nor any scientific *articles of faith* which they are called upon to propagate, they adopt, and temper by an intelligent eclecticism, methods and systems of the greatest disparity ; they associate the

deductive with the inductive methods, the results of the classic school with those of the historic school, Socialism "of the chair" with the ultra-liberal, the Austrian school with Socialism in the proper sense of the word. Hence arises in the field of theory a system of doctrines substantially issued from the classic school, but tempered with the psychologico-utilitarian researches of Jevons and Menger, strengthened by the more trustworthy results of German Historism, and brought into co-relation with the weightiest of the criticisms which Socialism opposes to the economic order of the present day. In the practical camp, Italian Economists are, as a rule, partisans of the *laissez faire* as far as commercial policy is concerned; while, as regards the banking and industrial accommodations and the property of the land, they are decidedly supporters of State intervention, which, however, they wish to see confined within far narrower limits than those traced by the Katheder-Socialists of Germany.

Excluding the noteworthy treatise by Pareto, which, being written in French, cannot be quoted in our table, we have not had, within the last few years, any treatise upon Political Economy. Neither can the book by Lo Savio (*Political Economy viewed in the Light of Contemporary Sociology*), of which the first volume only has hitherto appeared, be considered as a treatise upon the principles of the science.

There is, at present, wanting in Italy a complete treatise upon Political Economy, which would set forth the actual state of the science and bring into harmony the divers dominant doctrines; and this is a void which we cannot sufficiently deplore, since, if the multitude of treatises on Political Economy is a useless encumbrance, if further the treatise is not the form most elevated and fertile of scientific literature, it is none the less desirable that every country should possess upon every branch of attainable knowledge at least one systematic work, from which the student may acquire the fundamental notions.

There abound, on the other hand, in Italy monographies, which, in general, are full of acumen and of vast learning. Among the purely economic monographies we will notice the one by Ricca-Salerno, *The Theory of Value in the History of Economical Doctrines and Facts* (Rome, 1894), wherein the doctrines of the Austrian school are unfolded and partly criticised in co-relation with the results of historical research. Graziani has an important essay, *Treatise on some Questions relative to the Doctrine of Wages* (Turin, 1893), which is remarkable in every respect and especially for its acute criticisms.

Montemartini presents a work, *Saving in Pure Economy* (Milan, 1896), wherein he applies the theories of Menger and of Böhm-Bawerk to the phenomenon of saving, with some valuable observations. Upon the subject of *Wages-Fund*, Tangorra and Siracusa have two pamphlets, short, but full of matter. Luigi Albertini publishes a remarkable paper upon *The Eight Hours' Labour Question* (Turin, 1894), in which this arduous question is treated with all the thoroughness and learning of a consummate Economist. This work, like some others which we

will mention later on, has been completed in the *Laboratory of Political Economy*, founded by the praiseworthy activity of Prof. Cognetti de Martiis of the University of Turin, and is in itself a testimony to the didactic and mental efficiency of that excellent hotbed of noble studies. Nitti has a little work upon the *Economy of High Wages*, in which elegance of form and vivacity of style are blended with large erudition. Janaccone has an important essay, *The Contract of Labour* (Turin, 1897). Upon the theme of agrarian economy, the remarkable work by Valenti, *The Agronomic Basis of the Theory of Rent of Land* (Bologna, 1896), stands foremost. In this work it is contended, with the support of weighty arguments and an imposing array of data, that the law of diminishing returns is inadmissible in our days, because the progress of agrarian technical treatment and of the application of chemical manure divest it of all practical efficacy. It will be perceived that it is the thesis upheld by Cannan and by Leroy Beaulieu, which Valenti is defending with truly remarkable energy. Virgilj, being enthusiastic on the subject of modern agricultural systems, traces their principal results, and extracts from them ample information concerning the whole social economy; see his book, *The Agricultural Problem and Social Economy* (Palermo, 1896). Numerous are the writings concerning the question of the collective ownership of land, of which many relics still exist in Italy. We will select among those works that of Rinaldi, *Public Lands and the Social Question* (1896); that of Cavaglieri, of Venezian, &c. Coletti has a valuable essay, *The Industry of Cattle-Breeding in the Province of Macerata*, while Prof. Bordiga gives us a most important paper upon the *Production and Commerce of Cereals* (Naples, 1895), and Einaudi treats very competently the subject of *Rural Economy in Piedmont*. Upon the subject of the circulation, we will call attention to the volumes of Lorini upon the *Monetary Reform of Austria-Hungary* (1893), of *Russia* (1897), and upon *Money and the Principle of Comparative Cost* (1896); *The Studies upon the Value of Money*, by Caronna (Palermo, 1896); the essay upon the *Measure of the Variations in the Value of Money* by Nitti (Turin, 1896), and the extensive history of the circulation in Italy from 1864 to 1893, by Camillo Supino, in which the various vicissitudes of our paper circulation are described in masterly fashion. Meanwhile Sartori publishes in the *Giornale degli Economisti* a profound article upon agio, in which he combats, with great perspicuity, the theory which represents the agio to be dependent on the demand and supply of the precious metals; while Dalla Volta, in an interesting little volume, describes the vicissitudes, the development and influence of *The New African Gold* (Florence, 1896). Cognetti, who is now the director of the *Economist's Library* (the important collection of foreign works upon the subject of Economy), prefaces them by an introduction which is truly excellent and bears the title, *The Two Systems of Commercial Economy* (Turin, 1896), in which the controversy between free exchange and protectionism is splendidly studied in the commercial history of Venice.

Agnelli gives us a work upon free trade, which is not wanting in useful observations. Rabbeno publishes an important work upon *American Protectionism*, which gained the unqualified approval of all scientists; and Pantaleoni publishes in the *Giornale degli Economisti* a profound study of Economical Necroscopy upon the *Failure of the Mobiliary Credit*.

Nevertheless, however remarkable and learned these publications may be, it cannot be said that, as a whole, they bear testimony to an extraordinary activity in the field of Political Economy. But, as a Latinist with whom we had some relations in our schooldays used to say, it often happens that *si unius oculi pupilla claudetur, alterius oculi pupilla aperitur*; and the incipient languor in the publications upon strict economic science is counterbalanced by powerful and numerous works upon financial science. At the head of this noble procession we find Giulio Alessio, whose book, *The Functions of Public Treasury in the Modern State* (Padua, 1894), furnishes proof of a profundity an acuteness and a learning which are above all praise. Worthy of note also is his work, *The Reform of the Local Taxation*. He is closely followed by Augusto Graziani, who, last year, put in print a powerful volume of *Institutions of the Science of Finance*, in which the most trustworthy doctrines are passed in review, marshalled, and enriched by important original researches; while Ricca-Salerno publishes, with considerable additions, the second edition of his learned *History of the Financial Doctrines in Italy* (Palermo, 1896). Regarding progressive taxation, we have three volumes by Martello, by Mazzola, and by Masè-Dari, the first of which opposes every kind of progression, the others dispassionately elucidate the question, and, especially the last, incline in favour of progression. Worthy of remark, also, is a clever paper upon this subject by Gobbi, *The Rational Character of Progressive Taxation* (Milan, 1897). Garelli publishes a learned work upon *Hereditary Taxes* (Turin, 1896), a theme broached also by Ricca-Salerno in some interesting articles. Ferraris defends the military tax with much sense and erudition. Dalla Volta treats of the *betterment tax* with much competence; and, finally, Flora gives us a good *Manual of the Science of Finance* (Leghorn, 1895), inspiring himself from the criterion of extreme Liberalism which, in a more brilliant form, is found in his work, *Finance and the Social Question* (Turin, 1897).

On the field of Economic Policy there are at the present time plenty of disputes regarding the so-called *Historic Materialism*, which were originated, and to which impulse was given by our book, *The Economic Bases of the Social Constitution*. In favour of this thesis there has been published, among others, two clever works by Mellusi, *The Economic Function in Political Life* (Rome, 1895), and Labriola, *Essays on the Materialistic Conception of History* (Rome, 1896). Our doctrine has been attacked by C. F. Ferraris, in his book, *Historic Materialism and the State* (Palermo, 1897), a work distinguished by great learning and circumstantial criticisms, several of which have,

however, been triumphantly refuted by Prof. Aldo Contento in his learned and interesting book, *Of the Economic Basis of History* (Bologna, 1897). At the same time the writings for and against Socialism abound. Enrico Ferri has broken a lance in favour of Socialism in his most eloquent paper, *Socialism and Positive Science* (Rome, 1895), in which he seeks to demonstrate that the theories of Darwin and Spencer logically lead to Socialism. It is well known that Spencer has protested against this interpretation of his theory, which may, at first sight, appear rather strange to those who are familiar with the liberalistic predilections and exaggerations of the great philosopher. Socialism has also been defended against its adversaries by Zerboglio, *Socialism and the most common Objections to it* (Palermo, 1895), and by Scarabelli, *Socialism and Bourgeois Superstition* (1895); while a passionate indictment has been made against socialistic theories and tendencies by Garofalo, a magistrate, *Socialistic Superstition* (Turin, 1895); by Fiorentini, a retired prefect, *Socialism and Anarchy* (Rome, 1895); *The March of Socialism* (1895); and by Boccardo, a Senator and State-councillor, *Systematic Socialism and Unconscious Socialists*. A candid discussion upon the scientific and moral value of Socialism will be found in the book by Seletti, *Whether Socialism reposes upon Scientific Bases* (Parma, 1896), and in a recent one by Chiappelli, *Socialism and Modern Thought* (Florence, 1897).

Among the equally numerous writings treating of Sociology we will call attention to that by Fragapane, *Contractualism and Contemporary Sociology* (Bologna, 1893); that by Celso Ferrari, *Nationality and Social Life* (Palermo, 1896), and especially that by Asturaro, *Sociology* (1897), which contrives to apply, with admirable skill, the economic theories to the interpretation of social phenomena; also that by M. A. Vaccaro, *The Bases of Right and of the State* (Turin, 1893).

Treating of the ancient Social History, excellent contributions have been furnished by Cicotti, *On the Decline of Slavery in the Ancient World* (Turin, 1897), and by Mauri, *The Free Workers in Attica in the Vth and VIth Centuries before Christ* (Milan, 1895). Upon the History of the Middle Ages we have writings by Scherma, *On the Industrial Guilds in Sicily* (Palermo, 1896); by Sitta, *The Universities of Arts in Ferrara from the XVIth to the XVIIIth Century* (Ferrara, 1896); and by Picarolo, *Abolition of the Servitude in the District of Vercelli*, 1896.

Upon the actual social conditions there are remarkable writings by Bodio, and numerous special essays, as *The Internal Migrations*, by Sitta (Genoa, 1896); *The Vagabonds*, by Cavaglieri and Florian (Turin, 1897); *Strikes*, by Virgilj (Turin, 1897); &c.

There is, finally, no lack of writers who have studiously applied themselves to tracing the lives and discussing the doctrines of Italian Economists of former times.

A prominent place among these patient diggers is deserved by Prof. Abel Morena, who, for some time past, has been preparing an edition of the old Tuscan Economists, to which an important preface

has been written by him, concerning the celebrated hydraulist, writer and minister, Fossombroni, *Victor Fossombroni, Economist* (Arezzo, 1896). Fabbroni, another Tuscan Economist, has found a most learned and conscientious biographer and critic in Gennaro Mondaini, *Giovanni Fabbroni* (Florence, 1897); while Massa has published a remarkable essay upon the Neapolitan Economist Briganti, *Filippo Briganti and his Economic Doctrines* (Trani, 1897).

Opposed to these writings of an essentially theoretical nature there are other remarkable works of a practical character, which are intended to restore that balance, the want of which is noticeable in our social economy—that great invalid on whom the iniquities of tyranny and the ineptitudes of liberty have inflicted festering wounds. There are in our country some burning questions which are calling for solution: the financial question, the banking question, the labour question, and the agrarian question.

Our finance is always hovering near the boundaries of deficit, and it is only at the cost of strenuous and persistent efforts that it succeeds in regaining a par, which is often purely illusory. On the other hand our whole tributary system is essentially vicious and antiquated.

The land tax presents the most perceptible inequality from region to region. A law of equalisation had been approved by Parliament, but the opposition by the landowners succeeded in obstructing and, in fact, preventing its being carried into effect. The tax upon movable wealth abstracts from small incomes an enormous aliquot part, while the larger incomes elude it by means of fraudulent declarations of incomes far below the reality. There is wanting in our system of contributions even the remotest indication of an application of the principle of progression; while the heavy and numerous indirect taxes, both governmental and municipal, upon the most necessary objects, as well as the heavy corn-duty of lire 7.50 per hundredweight give rise, in a measure which has not its equal in any other civilised country, to progression in a backward sense.

No less arduous is the Banking Question. Abstraction made from the Bank of Sicily, which as a matter of fact confines its sphere of action to the island, we will point to two Banks, the Bank of Italy and the Bank of Naples, which enjoy the privilege of issuing non-convertible notes. A series of robberies, frauds and corruptions of every description had almost totally consumed the capital of the Bank of Naples and had dragged it to the brink of bankruptcy. Logically, it would have been advisable to allow it to fail, and to limit the privilege of emission to one Bank exclusively, which would have rendered it more easy to get out of the mire of an inconvertible circulation. But politics did not permit the sacrifice of the Neapolitan institution, and the ever fertile ingenuity of Signor Luzzati found means to administer an elixir of longevity to the dying Bank. The project devised by the Minister and approved by Parliament obliges the Bank to deposit 45,000,000

lire in gold, which it still possesses, in the hands of the Government, receiving in exchange 50,000,000 of treasury notes, which it is required to invest in Public Debt; and the interest thus obtained must be devoted by the Bank itself to the gradual redemption from the Treasury of the gold deposited with the latter. In this manner, the Bank, after a certain number of years, recovers its 45,000,000 in gold, while it retains possession of their equivalent in Government securities. It is strange, however, that it should not have been perceived how the result aimed at by the Minister might have been obtained without this double play of exchanging gold against State notes, and the latter for securities, since it would have sufficed to authorise the Bank to commute its 45,000,000 of gold into Public Debt, obliging it to employ the interest on these securities in the repurchase of the gold. Nor is the complication introduced by the Ministerial project merely a useless tangle of operations; it is also harmful, inasmuch as it increases by 50,000,000 the emission of Government notes, which is instrumental in producing a still greater depreciation of the paper money, and in putting off the time when its convertibility might be decreed. At all events, thanks to this salvage, we are in the position of having two banks of emission: one of which subsists by the aid of Government; while the other has expended nearly all its capital in risky immobilisations and has no other revenue than that derived from its monopoly.

It will be easily understood how, under these conditions, and confronted with the enormous figure of the emission, which shows no tendency to reduction the convertibility of bank notes belongs in Italy to the realm of Utopia. Neither can the certainly praiseworthy efforts of the Government directed towards the increase of the metallic reserve of the Banks accomplish the modification of this state of things, because even the most conspicuous increase of banking reserves will never admit of the convertibility of bank notes while paper money is in a state of depreciation.

We are now facing the third of our social wounds—the Labour Question. In our factories an enormous protraction of work and a merciless overtasking of women and children is freely indulged in. Everybody is familiar with the startling revelations regarding the condition of the operatives in our sulphur works, where a precocious employment in most exhausting labour creates a generation of crippled and deformed dwarfs. No law for the repression of similar infamies has been voted by our Parliament, with the exception of a Bill regarding the labour of children, and this has been worded in such a manner as to render its application impossible. Our labour law is still a medieval one. No European country (not even Russia) is so backward as regards social legislation; what shall I say? even India could teach Italy how the integrity and the human dignity of the producer could and should be safeguarded. But we can scarcely expect social reforms worthy of the name from a Parliament which is

the genuine organ of class interests; and the law project concerning the insurance against accidents in industry, which has been approved quite recently (July, 1897) by the Italian Senate, is truly an extraordinary event which marks an epoch in our political history.

Lastly, the agrarian question yawns before us, wider, deeper, and more painful still; it is matter of common knowledge by this time that the conditions of our agricultural classes are as pitiful as can well be imagined, and that, from the plains of Lombardy to the extreme confines of Sicily, one general cry of imprecation resounds throughout our rural districts. Leonine contracts, miserable wages, insufficient and unhealthy nourishment, horrible habitations, enormous labour and frequent unemployment, such is the idyl of Italian agriculture. While we are writing, agrarian strikes are bursting out in the districts of Ferrara, Cremona, and Emilia with such vehemence, as to necessitate a change in the itinerary of the Queen, who is travelling from Rome to Monza, in order to avoid her passing through the region in revolts. To quell these strikes, which testify to a deeply rooted distress, the Government has recourse to cavalry charges. The late Ministry had presented a project of a law on the subject of large estates, which, however, was to apply to Sicily only, where the social danger seems to advance with greater strides. But this project, which, by the way, was imperfect and full of incongruities, did not even enjoy the honour of discussion, nor were the doings of a Commission charged with the reform of agrarian contracts ever recorded, the said Commission never having arrived at any concrete and significant result.

This state of things, surely a most deplorable one, has had at least the merit of giving rise to a series of publications intended to denounce the social abominations in Italy, to expose the inertness of the Governments, and to invoke some redress. Concerning the financial question, we have some articles by Sonnino and by Ricca-Salerno in the *New Antology*; upon the banking question there are some remarkable writings in the same review by Maggiorino Ferraris and Frascara, and a courageous book by Colajanni, *Banks and Parliament*. Upon the social question, we will record the important writings treating of insurance against accidents by Prof. F. C. Ferraris, to whose enlightened and untiring labour we owe the result that the law concerning that form of insurance has been proposed and approved among us. Equally worthy of note is an article by the same author treating of *Insurance against Want of Employment*. Concerning the agrarian question, Rudini wrote in a conservative sense, *Uncultivated Soil and Large Estates* (Bologna, 1895). On *Paolo Balsamo and the Agrarian Question in Sicily*, Ricca-Salerno has written with moderation (*New Antology*, 1895). From the same writer we have an essay on *Niccolo Palmeri and the Agrarian Question in Sicily* (*Social Reform*, 1897). Very remarkable for their powerful arguments are also the writings of Colajanni, *In Sicily* (Rome, 1894); *The Conditions of Sicily*, ib. id., and *Sorry Capitanata*, by Lo Re (1895, 1896).

I regret to have to conclude these rapid jottings with a very doleful note. A year has gone by since death deprived economic science in Italy of one of its most well-deserving cultivators in the person of Luigi Cossa; and now a foreign university robs the same science of one of its most doughty champions,—I allude to Maffeo Pantaleoni, who, from Naples, is transferred to Geneva. We are all the more displeased at this departure, as we consider Pantaleoni to be one of the highest intellects and most powerful characters of the Peninsula. And if it be true, as rumour has it, that he has been driven to this step by the annoyance which the Government caused him on account and in consequence of an article written by him upon the subject of the enterprises in Africa, then we have a further example of the injuries inflicted upon national studies by a State, which violates that freedom of thought and words which, to the scientist, is the most precious of liberties.

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PARLIAMENTARY PAPERS.

The Thirty-second Annual Report of the Registrar-General for Ireland, 1896, [C. 8236],

Shows that in 1895 the marriage rate, 5·05 per 1000 of population, exceeds by 0·59 the average rate for the previous decennium. The birth rate and death rate also show a slight increase. Against the “natural increase” of population by nearly 22,000 is to be set the loss by emigration of nearly 49,000.

The Agricultural Returns for Great Britain, 1896, [C. 8502],

Show the acreage and produce of crops, the prices of corn, numbers of live stock, and other particulars. The statistics are interpreted by Major Craigie in a luminous report. He explains that the apparent decrease of the total cultivated area (under crops or grass) in 1896 as compared with 1886 is not serious. Within the cultivated area there has been a diminution of arable acres by more than a million since 1886; and an even greater increase in the category of permanent pasture. Within the arable area in 1896 compared with 1895, there has been a small recovery in the area under corn and under green crops, some increase of small fruit, some contraction of the surface under hops. Some of these statements must be slightly modified when we speak of the United Kingdom. An analysis of the recent special inquiry into the distribution of agricultural holdings (see Parl. Paper C. 8243) shows that the smaller holdings are more numerous but as a whole less extensive. The grouping of the total acreage corresponding to each size of holding is pretty symmetrical—about an average of 171 acres; the