



# WILEY

---

Review

Author(s): N. B. Dearle

Review by: N. B. Dearle

Source: *The Economic Journal*, Vol. 17, No. 67 (Sep., 1907), pp. 378-381

Published by: Wiley on behalf of the Royal Economic Society

Stable URL: <http://www.jstor.org/stable/2220477>

Accessed: 27-06-2016 09:09 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](mailto:support@jstor.org).



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

danger that it was necessary, in order to arrest it, to adopt the plan of subsidising motherhood by providing child-bearing women with salaries guaranteed by the State. This is the rock on which practical Socialism, when carried out to its ultimate end, has always struck. If the State is to guarantee a comfortable existence for all, it must control marriage and the number of children born, and this would be a remedy worse than the disease it is intended to remove. Mr. Rudyard Kipling has expressed this with his wonted force and vigour in "An Imperial Rescript," which is too long to quote here in full. The opening verses describe the German Emperor promising to "ease the strong of their burden, and to help the weak at their need," and the peoples of the earth come to listen to the Imperial receipt for the creation of an earthly paradise. When they understood what it was—

They passed one resolution. Your sub-committee believe  
You can lighten the curse of Adam when you've lightened the curse of Eve  
But till we are built like angels, with hammer and chisel and pen  
We will work for ourself and a woman, for ever and ever, amen.

M. G. FAWCETT

*Labour Ideal Series. Labour and the Empire*, by J. Ramsay Macdonald, M.P. (pp. xv, 112), and *The Socialist's Budget*, by Philip Snowden, M.P. (pp. vii, 88). (London: Labour Ideal Series, 1907. Price 1s. each.)

THE rise of the Labour Party into prominence has given us, among other things, the outlines of a programme in definite literary form, and the working out by Mr. Ramsay Macdonald of its relations to the problems of Imperialism is an undertaking of great national importance, apart from any intrinsic merits. Possessing a lucid and interesting style, Mr. Macdonald has adapted himself wonderfully to the small space at his disposal, though it is a pity that he has used so large a part of it to castigate an imaginary and admittedly objectionable Imperialist. On the whole, however, his criticisms of various ideals are suggestive, and the power of vivid and trenchant analysis is perhaps his strongest point of all.

The first part of the book is a *résumé* of the growth of Imperialism from the time when England left the quest for gold to "create a fine type of manhood and to develop a national spirit," and in a few delightful paragraphs are traced the change from adventure by sea to settlement by land, from the "old

spirit of exploitation " to the new one of settlement, then the rise and fall of economic Liberalism, making way for the Conservative policy of Imperialism and Social Reform. A descriptive criticism of orthodox Imperialism prepares the way for the new Labour policy, which latter is the outline of a real constructive programme, and a basis on which to bring the ideals of Labour into touch with those of other Imperialists. His criticisms of the latter often hit the mark, as in the case of their failure to understand what is going on in different minds—a defect, however, that is not the monopoly of any single party. In many cases, indeed, the author approaches the standpoint of his opponents, and we may, for instance, recommend the following statement concerning alien restriction:—"The power to exclude undesirable immigrants, to classify whole nations as such, and to control in other ways the conditions of immigration, may be exercised without in any way violating Imperial traditions, which we, as democrats, desire to preserve"—a quite different thing, as is shown, from the ill-usage of these undesirables once they are admitted. The policy of Tariff Reform is criticised in a chapter on "Trade as an Imperial Bond," containing a clear dissection of the different ideals of protectionism in the various "sister nations." The speed, however, with which Mr. Macdonald throws aside the broadest phylactery of orthodoxy that "exports must be paid for by imports," in attempting to prove the valuelessness of Colonial preference, tickles the imagination. The sister States wish to extend their exports to Great Britain, without importing her products in exchange. But obviously, if they export they must import, and thus the value of preference comes in, since the grant of it gives to the favoured country a first claim on such increases of trade.

The Socialist's Budget differs from Labour and the Empire in style, which is blunt and straightforward, in method, which is the presentment of an extreme policy, and in the subject, taxation; a difference possibly co-extensive with that which divides purely Labour ideals from those of avowed Socialism. The object of the Budget is stated to be twofold—revenue-raising, and more equal distribution of wealth; and in confusing, as he appears to do, the "rich idle class" with all who are not manual workers, Mr. Snowden forgets the nature both of profits, the reward for brain-work, and of the combined return for past labour and present abstinence, which is interest. Again, "Taxation of the Rich for Social Reform Purposes" is, we may admit, justifiable within due limits, but the extent to which it can be profit-

ably carried out is strictly limited. Moreover, if "indirect taxation never brings home to a nation the price of its folly," to relieve a majority of the community of nearly all taxes—Mr. Snowden's proposal—would produce even more irresponsibility. Nor does the equilibrium of direct and indirect taxation, the ideal of financial experts, justify his assertion that the latter "is not defended as just or economical by politician or economist." That the existing specific duties are not ideal may be granted, but to say they are equal to an income tax of 2s. on the smaller incomes is due to a probable over-estimate of the total amount paid, as well as to the fact that, whilst the whole case rests on the taxation of the necessities of life, three-quarters at least of the total sum is levied on luxuries.

In "Our First Socialist Budget" Mr. Snowden would abolish all indirect taxes except those on liquor, retained for other than fiscal reasons, and with them, for no very obvious reason, the Post Office Profit and the Stamp Duties at a cost of £13,000,000 a year. The Land Tax, the Inhabited House Duty, and various licences are also to go. As regards expenditure, the cost of education is to be transferred to the central, its administration left to the local authority, the millions thus set free being devoted to other local purposes, and further money is to be spent on old-age pensions and the unemployed, whilst afforestation is also recommended, primarily, as the author rightly observes, for its own sake.

To raise the revenue required, an income supertax ranging from 1s. to 6s. on all over £5,000 a year, an estate duty up to 50 per cent., and a tax on land values of £25,000,000 a year are to be imposed, together with the retained Liquor Duties. Whilst, however, sympathising with moderate progressive rates, and believing a gradual and moderate increase of the Death Duties to be feasible, we think it probable that such a general blow to accumulation and enterprise, justice apart, would very soon wreck Socialist finance. At best it is an ideal to be very gradually approached by slow stages, perhaps never reached. To Mr. Snowden it is a single sudden leap and apparently only a beginning.

Taken as a whole, we have to thank Mr. Snowden for a frank and open account of the aims of extreme Socialists. Unlike Mr. Macdonald, whose work will assist towards the reconciliation of Labour Imperialism with other types of it and their joint advance along parallel roads, he rather tries to set before us in its nakedness the full and complete policy of Socialism irrecon-

cilable with that of any other party. His aim is to show friends and foes alike what is his ultimate goal, and in this he has abundantly succeeded.

N. B. DEARLE

*The Trust Movement in British Industry.* By H. W. MACROSTY.  
(Longmans, Green and Co., 1907. Pp. 392.)

IN this book the author has departed from the lines on which he argued in his "Trusts and the State"; there is an almost complete absence of controversial or theoretical reasoning, and the main purpose of the work is descriptive. In a brief introduction, Mr. Macrosty classifies the forms of combination by their compactness of structure, and he has a few words to say on the legality of their methods, especially as defined in the *Mogul* case. But, in the succeeding chapters of the book, the division is made to depend on the industries, and not on the forms of combination; this is due, as the author explains, to the fact that, as between, say, the iron and the textile trades, there are differences of organisation which bear essentially on the types of combination that are most feasible in each. The study is limited to England, and English students have at length access to an invaluable compendium of facts regarding their own country, which in both extent and detail goes far beyond any other study of our industry on these lines. Further, although the chief purpose of Mr. Macrosty's book is to exhibit the facts regarding Trusts in England, it is also full of material which is of the utmost use for the realistic study of British industry in any connection.

"The one common point about all forms," he states at the outset, "is the combination of several capitalists who formerly operated singly; beyond that, the structure may vary infinitely" with regard to time, scope, and classes of members. I think the definition inadequate in that it omits "or *could* operate singly." This, in fact, is implicitly confessed by Mr. Macrosty, when he tells us later of combinations which have grown up by internal development and normal accretion, rather than by deliberate combination with other firms. A Trust, it seems to me, is a Trust in virtue of what it does; or, as I prefer to put it, combination can be a fact without implying a historical alliance. Mr. Macrosty makes it clear, also, that his definition excludes all forms of "non-competitive" trade; while it includes, as of co-ordinate importance, both "vertical" and "horizontal" combinations. Indeed, in the study of the iron trade, it is with the-

E E 2