

been so fully disposed of in Mr. Horton's previous works, that we need not notice them.

It is difficult to see how such a book can have any influence. It will be welcomed by the bi-metallists of England, but to the so-called opponents of silver it offers nothing. It is curious that so much labor should have borne fruit at the very time when the most cherished doctrine of the supporters of silver, the appreciation in the value of gold, is falling before criticism. The royal commission in England, and Mr. Wells and Professor Laughlin in the United States, have marshalled an array of facts which throw much doubt upon that doctrine. It is a pity that Mr. Horton's industry could not be utilized in other lines than that he has chosen.

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*Railway Rates, English and Foreign.* By J. GRIERSON, General Manager of the Great Western Railway. London, Stanford, 1886. — 8vo, viii, 208, lxxii pp.

*Railway Practice: Its Principles and suggested Reforms reviewed.* By E. PORTER ALEXANDER. New York, G. P. Putnam's Sons, 1887. — 8vo, 60 pp.

*Railway Problems: An Inquiry into the Economic Conditions of Railway Working in Different Countries.* By J. S. JEANS. London, Longmans, Green & Co., 1887. — 8vo, xxviii, 560 pp.

*State Purchase of Railways.* By CHARLES WARING. London, Chapman and Holt, 1887. — 8vo, xi, 204 pp.

*Traité des Chemins de fer.* Par ALFRED PICARD. Paris, Rothschild, 1887. — 3 vols., large 8vo, xii, 720, xxviii, 1002, xxiv, 714 pp.

The attention paid to the questions of transportation in various countries continues with unabated vigor. Nowhere has the problem been definitely solved, but it is especially in England, America and France that the discussion is most active. Among the theoretical works of the past year those here reviewed may be considered the most important.

Mr. Grierson's *Railway Rates, English and Foreign* is written essentially to advocate the railway cause. This at once stamps the work with a certain mark of foregone conclusions. The difficulty with works of this kind is that in their zeal to combat obvious but widely diffused errors of the "anti-monopolists" they themselves fall into equally extreme mistakes. Mr. Grierson performs a valuable service in proving that many of the charges brought against railway companies are based upon evils which the companies did not create and cannot

alter, and that other supposed grievances could not be removed without injury to the community. He shows for instance that many of the projected reforms would produce inequalities almost as crying as some of those which exist to-day. Thus a chapter is devoted to proving the old point, familiar to experts but unknown to the general public, that equal mileage rates are inexpedient and unfair. Differential rates, and in particular that variety of them known in England as "grouping," are well explained and stress is laid on the interests of the consumers themselves in the maintenance of these differences. Mr. Grierson is thoroughly acquainted with the practical working of the continental lines, and his book consequently contains rich material as to rates, classification and working arrangements throughout the European countries. In fact we know of no work written in the English language which contains an amount of trustworthy information at all comparable to this. His book is therefore peculiarly valuable, if only for the positive data which it here gives to the general public. At the same time it may be doubted whether he successfully refutes Sir B. Samuelson's statement that the continental rates are lower than the English rates.

But while all these points are cleverly and accurately set forth, the tone of Mr. Grierson's book is too aggressively partisan. His heated opposition, correct enough in principle, to the cost of service theory is carried to such a length as to justify all existing differential rates. His advocacy of classification, again correct enough in principle, leads him to defend in all cases the classification suggested by the railways themselves. His theory of "charging what the traffic will bear" is summed up in the words: "Producers pay what they find it worth while to pay; they pay no more" (page 77). Of course such an exposition gives but one-half the truth. It is essentially the railway standpoint, and lacks the broader scientific basis which it is almost impossible for a railway official to obtain. The analysis of rates is clear but incomplete. In a perfect system of railway rates, charging what the traffic will bear becomes not the primary, but the secondary consideration. It is because Mr. Grierson assigns to it the first place that his book is incomplete. But barring this fundamental defect, the work is excellently adapted to be put in the hands of students. It is a valuable counterpoise to such thoroughly pernicious productions as that of Mr. Hudson, and even if it errs somewhat on the other side, it contains so much detailed practical information that it must be declared a permanently valuable contribution to the literature of the subject.

Almost identical criticisms may be urged against Mr. Alexander's *Railway Practice*. Mr. Alexander is an American, as Mr. Grierson is an English, railway official, and each of course has primarily the problems of his own country in view. Mr. Alexander's book is far less

ambitious, although just as clear, and contains only a short discussion of the principles of rates with a few examples from American practice. It is noteworthy that he bitterly opposes personal discrimination, — as in fact do all the better railway managers in this country to-day, — but he clearly sees that it can be abolished only by some form of pooling. It has taken the American railways a long time to see the wickedness and fruitlessness of railway wars, and Mr. Alexander here proves that he has become an entire convert to the doctrines of Mr. Fink. The general public has not yet advanced so far. But while in this matter Mr. Alexander is perfectly sound, it is otherwise with his treatment of differential rates. After a lucid explanation that one cause of discrimination is the existence of “competitive points” he goes on to say: “The competition which gives birth to such discrimination determines also their sizes, or the extent to which they must go. What are the rates to intermediate points has nothing to do with the case” (page 14). This is stating the matter too strongly, for it would always justify a greater charge for the shorter haul. Such a charge must be the exception and not the rule, as Mr. Alexander would have it; and in the late case of the Vermont State Grange *vs.* The Boston and Lowell Railroad Co., the Interstate Commerce commission has come to the correct conclusion. Mr. Alexander should try to revise his theory in this particular, and his essay would then be without flaw.

Mr. Jeans' *Railway Problems* is more bulky than important. It goes very little into questions of theory, which are at present the engrossing problems, but concerns itself chiefly with such matters as cost of construction, capital, earnings, expenses, rolling stock, taxation, *etc.* The book is written from the statistical point of view, and its pages fairly bristle with tables of every possible kind. Unfortunately, however, there is little reference to the sources from which the figures are taken, so that the tables must be accepted with great caution. In a few instances, where I have been able to collate the figures with standard accepted authorities, I find serious discrepancies. So on page 55 Mr. Jeans puts the rate of dividend of the American railways at 5.4 per cent for 1884. This is manifestly incorrect. In reality it was less than half of this amount. Again, on page 102, the average earnings per train mile in the United States are given as 8 shillings. In reality they were only \$1.50 or 6 shillings, — less than in some other countries. The tables as to foreign railways are borrowed from the *Statistique des chemins de fer de l'Europe*, many of whose figures it is well known must be taken *cum grano*. Yet Mr. Jeans' entire acquaintance with continental methods seems to be derived from this source. As a specimen we may adduce the statement on page 516, that the American system of “pooling” has no exact counterpart in other countries, be-

cause it seldom happens that there is more than one route to travel by. The veriest tyro in railroad economics knows that the pooling system is far more developed in Europe than in the United States. Statements of this kind make all the other unsupported assertions extremely doubtful, so that the student must be warned against placing implicit reliance on Mr. Jeans' book. Moreover he avoids the entire question of rates, by asserting that "upon the point we offer no opinion" (page 524). The author of such a pretentious volume should at least have some opinion to offer.

Mr. Waring's *State Purchase of Railways* is an outcome of the present English agitation on the question of rates and fares, and deserves attention as the first really elaborate plea for state railways in England since Galt's book of 1843. Mr. Waring is very fair-minded, and in discussing the points raised by Mr. Grierson confesses that much of the latter's contention is true. He goes even further, and maintains that cost of service rates are one of the worst forms of protection, or rather of obstruction. But while admitting the value of differential rates, Mr. Waring strongly holds that charging what the traffic will bear is simply a disguise for the trade law of "grabbing." The companies are strongest, and can generally dictate their own terms. He holds that there is no remedy for the unquestionable evils of railway management as long as railways are worked as a separate industry trading for profit instead of being used as machinery for the promotion of all other industries for the benefit of the entire nation. The only remedy is government management. At the same time Mr. Waring is careful to demand state purchase only for Great Britain, holding that in the United States it would be utterly out of question on account of the attendant political evils.

The points are generally well taken, and a great degree of fairness is shown in discussing the alleged shortcomings of private management. It may be doubted however whether the Belgian system is not painted in too rosy colors, and whether sufficient stress is laid on the possibility of effective state control as opposed to state management. But with one exception the volume constitutes an undoubtedly strong plea for a vital change in management. This one exception, which almost vitiates the value of the work, is the demand for a fixed universal rate irrespective of distance (pages 94-101, 140-156). The true basis of rates is held to be the post-office system. This fantastical project is not new. It was advocated at length by Galt in 1843 and by Brandon in 1868, although both of these confined their demands to passenger fares. But in Germany the scheme has been frequently broached, especially by Perrot in his *Anwendung des Penny-Porto Systems auf den Eisenbahntarif* in 1873. On the continent this project is now a dead issue, so

thoroughly has its fallacy been exposed by various writers, such as Cohn, Wagner, and Sax. That the scheme is again soberly advanced in England is an additional proof of the haste with which writers rush into print in the blissful unconsciousness of what has been done and written by others. The first thing for a man to do who has advice to give, is to be acquainted with the already existing criticisms on his plan. Had Mr. Waring done this, he would probably not have published his chimerical scheme at all.

The *Traité des Chemins de fer*, by M. Picard, is a stupendous undertaking, being no less than a complete treatise on the economics, finances, administration and law of railroads in every part of the world. M. Picard is favorably known as the author of the history of French railway legislation, as set forth in his six volumes on the *Chemins de fer français*; but in the comprehensive treatise just published he gives a systematic exposition of the entire subject. It may be declared without hesitation the most complete work of the kind in existence. The theoretic discussions are generally marked by impartiality and signal ability, as well as by a fairly good acquaintance with the literature, — although for a knowledge of foreign systems M. Picard seems to depend in the main on French authorities. The work is so immense that it will be practicable to give only a bird's-eye view of the conclusions. Volume I contains a history of railways in France and an estimate of the economic results. The subject of competition and pooling in every country is well treated, as is also that of competition with waterways. In each case competition is shown to be illusory. Then follows a careful history and criticism of state *versus* private management. The arguments *pro* and *contra* are impartially weighed, with the conclusion that no general answer can be given applicable to all countries, — but that for France private management is preferable. This part of the work is admirable. Volume II treats of charters, the relation of the railways to the investors, the financial administration, construction and maintenance of way. Volume III treats of the administration and governmental control in the various states, the technical operation of railways including accidents, and cost of service. A fourth, and what promises to be the most interesting, volume is about to appear, devoted to the general subject of railway charges, and I shall defer any general criticism until the completion of the work. Although France is the pivot of the discussion, a fairly complete comparison is made with the rest of the world, so that the treatise forms a veritable cyclopædia indispensable to the earnest student.

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*Die Maxime Laissez faire et laissez passer, ihr Ursprung, ihr Werden.* Ein Beitrag zur Geschichte der Freihandelslehre. Von Dr. AUGUST ONCKEN. Bern, Wyss, 1886.—8vo, 131 pp.

No one phrase in the literature of political economy has been more lauded by its admirers, more decried by its opponents, than the one which forms the subject of this essay. And yet for the current explanation of its origin and history we have had hitherto to depend on the uncritical and inexact accounts given principally by Dupont de Nemours in his editions of the Physiocrats. Professor Oncken has expended an immense, perhaps even an unnecessarily great, amount of research to probe the matter to the bottom, and now for the first time succeeds in giving a fairly complete and satisfactory history of the great shibboleth.

The phrase itself is currently ascribed to Gournay, although Turgot tells us it was first used by a merchant in a conversation with Louis XIV. Professor Oncken justly remarks that the maxim is really composed of two separate parts, *laissez faire* or liberty of production, and *laissez passer* or liberty of exchange. The first half of the formula, at least in the form *laissez nous faire*, was probably first employed in 1680 by Legendre, known to all American students as the author of a work on geometry, in the course of a controversy with Colbert. But all Dr. Oncken's researches have failed to throw any clearer light on this reputed conversation. More successful however is the effort to show the first appearance of the phrase in scientific literature. It is due beyond all doubt to Marquis d'Argenson, minister of finance under Philip of Orleans, and minister of foreign affairs under Louis XV. Oncken shows very well—although the proof was not necessary for those who have emancipated themselves from the current traditions of French and English histories—that the phrase *laissez faire* as used by Boisguillebert and Vauban at the very beginning of the eighteenth century does not at all mean free trade in the modern sense. He might have added that "free trade" in the writings of all the English economists with scarcely any exception down to the middle of the eighteenth century meant only freedom of export. Child, Petty, North, Locke, etc., were free-traders of a quite different kind from the Manchester school. Oncken however confines himself to the French, and shows that d'Argenson first used and expounded the phrase in his memoirs in 1736, and again in 1751 in a series of articles in the *Journal Economique*. D'Argenson was not a Physiocrat, and hence to ascribe the phrase to the Physiocrats is a mistake. D'Argenson was likewise the author of the celebrated saying: *pour mieux gouverner, il faudrait gouverner moins*.

So much for the first and more important half of the maxim. The