

BOOK REVIEWS

Economic Theory; General Works

Nassau W. Senior, The Prophet of Modern Capitalism. By S. LEON LEVY.
(Boston: Bruce Humphries. 1943. Pp. 454. \$4.00.)

Mr. Levy has devoted many years of arduous work to the study of Nassau W. Senior, the great economist and brilliant publicist of old liberal England. He has unearthed Senior's unpublished papers. In 1928 he published many of them under the title *Industrial Efficiency and Social Economy*. Now he presents us with a biography of his hero. This book is not an analysis of Senior's contributions to economic theory. Those interested in these problems must refer to Miss Marian Bowley's treatise *Nassau Senior and Classical Economics* (London, 1937). In the present volume Mr. Levy deals more with the man, the politician and the publicist than with the economist. He has well succeeded in vividly portraying Senior and his age, England from the Congress of Vienna to the rise of Bismarck, from Ricardo to John Stuart Mill, from the corn laws to free trade.

However, the author is not justified in calling Senior a *genius*. He was an excellent economist and undoubtedly not simply an epigone of the great classical economists but rather a forerunner of Jevons and Menger. Economics owes him many important ideas. But he lacked the highest intellectual strength to substitute a new system for that of the classics. He marched in the right direction, but he did not reach his goal. He was, like Cairnes, the harbinger of a new era of economic thought. One does not detract from his renown in establishing this fact.

Furthermore, it is a misnomer to style Senior *the prophet of modern capitalism*. He was not a prophet. He was an eminent citizen of England in the early days of modern capitalism. He was an outstanding liberal publicist in the greatest period of English history. This is fame enough.

But these are only minor objections. On the whole Mr. Levy has written a fascinating book. He resuscitates Senior and his contemporaries. Every page of his volume calls forth interesting ideas. The economist and the historian will find a store of illuminating information on many facts unknown or unduly neglected.

Let us quote one instance. In 1845 the Oregon question disturbed Anglo-American relations. Public opinion in both countries was in such a hectic state that a peaceful solution was very difficult to find. Senior became alarmed.

He wanted to keep the two countries at peace. Accordingly he published in the *Edinburg Review* an article in which he suggested that the whole question be referred to arbitration. Moreover, he pointed out what in his opinion the decision of an honest arbitrator would be. The later settlement of the frontiers was precisely in accordance with Senior's recommendations. Seen from our present-day viewpoint we must confess that Senior, in calming the passions of his countrymen, rendered an invaluable service to both nations. But such was not the belief of his British contemporaries. They maintained that his article was likely to prejudice British negotiations with Washington. They did not enter into a reasonable discussion of the merits of his arguments in favor of peace. They resorted to the mean method of casting suspicion upon Senior's motives.

No less a man than Macaulay told Napier, the editor of the *Edinburgh Review*, that Senior was "too deeply interested in the credit of the American States to be impartial. . . . It a little derogates from the character of the *Review* to have it universally known, as it is, that the office of pronouncing judgment on a grave international question is confided to a person who cannot be unbiased." Both political parties, the Torys and the Whigs, were unanimous in this condemnation of the man who was anxious to prevent a war. Senior was forced to explain to Napier that his whole interest in America was £1500 in the New York Life Insurance and Trust Company yielding about £90 a year, less than the fortieth part of his income. Napier conveyed this information to Lord John Russell. The latter answered: "I am glad to be assured that Mr. Senior has *no pecuniary interest in the abandonment of British rights.*" (Italics mine.)

Such were the experiences of a patriot who wanted to spare his nation the ordeal of a useless war. And this happened in the prime of British liberalism and free trade, in the age of Cobden and Mill! And it was Macaulay—and not one of the Prussian historians of the school of Schmoller and Treitschke—who looked for sinister motives behind an economist's plea for conciliation!

Senior erred more than once in dealing with the problems of economic theory. Neither was he infallible in his political judgment. But he was a keen mind and unswervingly devoted to the search for truth. In most controversies he was right as against his contemporaries. His cool reasoning prevented him from falling prey to fashionable superstitions and popular catchwords. He kept out of the way of illusory utopianism. Although personally a friend of many Italian nationalist leaders, he did not shrink from declaring that "the barbarous feeling of nationality . . . has become the curse of Europe." He thought that English administration of India, though by no means perfect, was "the best that that country had ever enjoyed." But he asserted that "there cannot be any greater mistake" than the belief that the strength of England was in India. "If we were quit of India, we would be much stronger than we are now. The difficulty is how to get *well* quit of it." It is obvious that the frank expression of such radical opinions hurt Senior's popularity. Even Walter Bagehot, although fully appreciating his

great gifts and services, called him cynical. It is time to reconsider this sentence on the basis of Mr. Levy's absorbing book.

LUDWIG VON MISES

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Economic History

The American Maritime Industries and Public Policy, 1789-1914: An Economic History. Harvard econ. stud., Vol. LXXI. By JOHN G. B. HUTCHINS. (Cambridge: Harvard Univ. Press. 1941. Pp. xviii, 627, \$5.00.)

Mr. Hutchins has set himself an ambitious task, perhaps too ambitious, but the study of American economic history is in his debt none the less. He has sought to tell the story of the American maritime industries and the responses of public policy to their needs from the period of their proud achievements through the later ones of their decline and virtual disappearance. In order to point up the reasons for the American successes and failures—in part economic, in part political—he has found it necessary to make constant reference to English experiences and programs. This, then, is also a comparative study; it is the more valuable for that reason.

To appreciate the scope of Mr. Hutchins's intention one must have in mind what he means by maritime industries. When private trading ships were the customary modes of communication and commerce, the maritime industries included both shipbuilding and the operations of mercantile firms. With the separation of functions—after the second quarter of the nineteenth century—the maritime industries included shipbuilding and shipping. Makers of ships fabricated them of wood, iron, and steel. They did so on order and for their own account. Operators of ships used them for trading voyages, in the packet services, as tramps, and as great oceanic liners. Organization originally was along individualistic lines; in time it became rationalized, concentrated, and monopolistic. Ships were employed in the oceanic and in the coastwise trades.

Government policy ran the gamut from complete mercantilist regulation through *laissez-faire* to protection and subvention in the interests of national defense. And because these were economic enterprises they were confronted by problems of costs, competition, and labor relations. When these factors are set against the wider background of the comparative advantages of other types of investment after the Civil War and the American balance-of-payments position, one obtains a somewhat fuller notion of a few of the problems Mr. Hutchins has been compelled to handle. His book is encyclopedic in scope and almost encyclopedic in presentation. This is not said in derogation; on the contrary. For at very few points is the reader left unsatisfied as regards the fulfillment of the author's plan for himself.

It may be said, then, that all the questions mentioned above are touched upon—some in great detail, some with uneven emphasis, some only in passing. In the first category are to be found excellent analyses of the wooden-ship