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I.—*On some Economic Conditions of Industrial Development, with special reference to the case of Ireland.* By C. F. Bastable, M.A., Professor of Political Economy, University of Dublin.

[Read Tuesday, 27th November, 1883.]

THE improvement and expansion of the industrial powers of a country are naturally objects of considerable interest to all its inhabitants, but there does not appear to be any definite idea as to the laws which govern the industrial progress of a community.

The aim of the present paper is briefly to consider some of the economic conditions which control the course of industrial development, as well as to see what practical methods would be in conformity with the requirements imposed by those conditions in the case of this country.

The term "economic" may first require some explanation. It is used here as being the opposite to "technical" (a use justified by high authority), and as denoting those conditions which are principally social, and regard the relation of cost to remuneration. An illustration will make this distinction clearer. In considering the desirability of commencing any industrial undertaking—a railway, factory, mine, shop, or any other investment, two questions are to be asked, viz., (1) Is it physically possible? What are the obstacles and aids which nature offers to the projectors? The answer to this question is determined by what may fitly be called technical reasons, which of course lie outside the province of the economist. There is, however, a second question of no less importance to the intending investors, namely, (2) Will the undertaking pay? Will the public purchase the produce of the factory or mine at a remunerative price? Will they use the railway or packet line? Will they be steady customers of the shop? And, moreover, is it not possible that there may be some other mode of investment which will yield a larger return? And this set of questions can only be answered by what I have called *economic* considerations.

This distinction, which is plain in the case of a single business, applies equally to the industry of a country regarded as a whole. Is it not evident that at each step of national development there is some one mode of employing the labour, natural resources, capital, and business ability of the community, so as to secure the largest return? And does it not follow that any other mode of employment must be less advantageous, at least as regards production, and therefore cause more or less of national loss? Nor can it be denied that it is desirable to examine the conditions which determine what is the most profitable distribution of productive forces, in order that this result may be obtained by due conformity to the determining conditions.

One essential step in the inquiry is to arrive at a clear comprehension of the agents employed in production. At the risk of being needlessly elementary, it must be stated that natural agents and labour are the primary factors of production, and that on the character and quality of each of these factors the productive power of a community mainly depends, nor can any legislative arrangements alter the essential conditions of production as determined by its factors. A third factor, viz., the accumulated savings of the community adjusted so as to assist future production, which we are always hearing of under the familiar title of capital, requires to be placed in its proper position as a valuable aid to the efficiency of labour, not as the source of all productive power. It has been the prevailing tendency alike of scientific and popular writings on this subject to exaggerate the functions of capital, so that instead of regarding it as a useful, and, for extended production, an indispensable instrument, they have assigned to it the place of honour as the sole limit to the productiveness of the community. "It is," said Cournot, "one of the features of the English school of economists to attach to capital an importance which blots out that of the other factors of production," to which it may be added that this confusion has entered into popular thought, and has led to many mistaken inferences as to the causes governing industrial development. Even those who might naturally be supposed to be inclined to depreciate the importance of capital have yielded to this influence, and then endeavoured to escape the logical results by calling other productive agents forms of capital. Thus we are constantly told that labour is the principal capital of Ireland, while the same statement is made with regard to "natural resources," or whatever agent of production the speaker wishes specially to exalt. In opposition to such erroneous views it is necessary to insist on the fundamental truths of the theory of production, and to indicate the relative place of the various productive agents, regarding natural powers and human labour as the primary and indispensable conditions of production, while capital, invention, business ability, and the complex organisation of industrial society, which exists to some extent in all civilized countries, are correctly classed as useful, but still secondary, elements.

In endeavouring therefore to consider the suitable course of economic development, the natural resources and the quality of the labour of a community must be first examined. The valuable work of Sir R. Kane, *The Industrial Resources of Ireland*, though written

forty years ago, throws instructive light on these matters, as far as regards this country. Writing avowedly as an advocate of the introduction of manufactures, it yet must be clear to any unprejudiced mind that the result of the careful investigation into Irish resources which he has made, shows their comparative inferiority for manufacturing purposes, while the absence of technical skill among the labouring population is just as plainly set forth.*

The natural resources of this country cannot have altered since 1845. While the absence of training for industrial purposes is stated just as strongly by Dr. Sullivan in his recent remarks. Taking the testimony of these technical experts as the best available, let us consider the economic truths which are applicable to the subject. Adam Smith, speaking with the authority of a profound student of social history, regarded the natural course of economic development as starting with agriculture, passing thence to manufactures, and finally arriving at the commercial stage. (*Wealth of Nations*, book ii. chap. 5.) This course of evolution was, he thought, independent of peculiar aptitudes in particular countries. The idea of a widely extended system of international trade does not seem to have entered into his mind. Each country must, he thought, produce its own food and other necessaries, though a new country would, in a state of commercial freedom, import its manufactures, especially its finer ones. The theory of international exchange thought out by the most distinguished English economists, especially Torrens, Ricardo, J. S. Mill, and Cairnes, throws more light on the causes which govern the economic movement of a community. The essential point of that theory is to regard the various productive agents of a country as being fixed in its possession, while in its intercourse with other nations its aim is to secure the largest return for the expenditure of its productive force on its exports. To arrive at this result the commodities which can be produced at least comparative cost are those which will be the main products of its industry, and those products will be used as the means of purchasing all other commodities which the country desires, but which could not so profitably be produced at home. The special aptitude of the community for producing some commodities is a reason for not attempting the production of other commodities in whose case such favourable conditions do not exist; and again, the existence of peculiar facilities in other countries for the production of certain commodities is a reason for avoiding the production of those commodities. One of the apparently paradoxical deductions from the economic theory of foreign trade, has been the proposition that a country may import an article for the production of which it possesses greater facilities than the exporting country; but another equally well-founded deduction, appears at first as strange, namely—the position that a country may find it more profitable to cultivate a branch of industry in which it does not possess such advantages, as it does in another which yet will be less profitable. As the former truth is illustrated in the case of two individuals, one of whom (*a*) possesses superior skill to the other (*b*) in the production of two commodities

* See especially pp. 29, 154, 239, 401, 409, 426.

(x and y), but, (a) notwithstanding, finds it for his interest to confine himself to producing one (x), and to procure the other (y) at advantageous terms from (b) by a process of exchange. So is the latter exhibited by assuming that (b) is also more skilled in the production of the commodity (x) than in that of (y), but that the difference between his skill is not so great *relatively* as that of (a). Under these circumstances (b) will find it expedient to limit himself to the production of (y) in which he has less skill, since by means of exchange he can procure (x) at a cheaper rate than if he produced it himself. The former proposition has been found to hold good in some actual cases (e. g. Barbadoes and New York, *Bowen*, p. 460), and instances of the operation of the latter may also be found. Thus it is that Pennsylvania has greater facilities for mining and manufactures than for agriculture, but at the same time it is more profitable for it to procure its minerals and manufactured commodities from England, owing to the still greater superiority of English manufacture over English agriculture. It therefore follows that the character of the productive forces of other countries is an element to be estimated in considering the most suitable industries for any given country. When these economic truths are connected with the undoubted facts regarding the natural resources and labour power of Ireland, and the equally undeniable advantages possessed by the manufacturing districts of England in both these respects, the absence of extended manufactures in Ireland can be easily accounted for as being an instance of a simple economic truth, so that were the industries of England and Ireland to make a fresh start, manufactures would not be a profitable investment for an Irish producer. The economic history of the two islands gives still greater weight to this contention. The growth of Irish manufactures was crushed by the jealousy of the English Parliament, while the many illjudged attempts of the native legislature to, as it thought, foster home manufactures, pressed quite as heavily on the Irish producers. The social conditions which existed in this country during the eighteenth and first half of this century were such as to render industrial progress impossible.

These social influences are still a powerful force, and the effect they have produced on Irish development requires to be clearly stated; but the practical question which is of vital importance is, since these things are so, and since the past cannot be altered, what is now the most profitable course of industrial development for this country? The disadvantages of defective organisation and inferior natural resources press heavily on the producers of manufactures here, while the superior attractions of foreign investments deter projectors from such enterprises. It seems therefore to follow, that for the present manufactures have no chance of a successful growth in Ireland. Such a conclusion in its most unlimited form would, however, not be correct. The broad classification of industry into agricultural and manufacturing is at best very rough, and standing in need of further analysis. The term agriculture covers a variety of processes, calling for very different amounts of skill and capital, while the same observation applies in a still greater degree to manufactures; but the cardinal fact remains, that the one class of industries is mainly

extractive, while the other is employed in elaborating the materials supplied to it. In the former class there is relatively less need for technical skill, and large amounts of capital are not so essential. It may therefore be, I think, reasonably held, that in a country admittedly suffering from the absence of the industrial spirit, whose natural resources require all the aid of eloquent description before they can be made to appear as at all equal to those of other countries, and whose industrial development has been retarded by an unhappy past, agriculture is the industry which should form the basis of growth in an economic point of view. The opinion of the founder of economic science is in accordance with this position, and all the later developments of economic theory with regard to the conditions of international exchange confirm it. The laws which govern accumulation also lend support to the argument, for agricultural investments possess a security and simplicity which does not exist in the case of manufactures. The other secondary factors of production are also not so requisite, at least in their higher forms, for agricultural progress.

The present condition of the agricultural class is also a strong argument against the advisability of any extensive development of Irish manufactures. The tenant-farmers of Ireland are placed in a condition of security so far as their tenancies are concerned, and they have therefore the strongest inducement to expend whatever capital and labour they can obtain in improving their holdings. All the circumstances which tend to increase the effective desire of accumulation are here present. The investment is under the eyes of the investor, the returns if moderate are sure, nor is there any prolonged time between the outlay of capital and the commencement of remuneration. It is not possible to argue that there is only a limited field for agricultural investments in Ireland, since it is stated on the best authority (Professor Baldwin) that at least six millions of acres are in need of drainage, while it is generally admitted that the appliances for farming are extremely defective. In the dairy districts of Munster (to take one instance) there is a wide field for the investment of capital in supplying the buildings, implements, and training, which are all that is wanting to make that industry a great success. It must be clearly understood that schemes for manufacturing enterprises tend to withdraw capital from its place as an aid to agricultural improvements.

The secondary factors of production, among which capital holds the chief place, become of more importance as industry grows more complex, and increasing complexity is a salient feature of a large manufacturing system. The bases of such an organization as that of Lancashire, the West Riding of Yorkshire, the "Black Country," or the district round Glasgow are:—(1) a large stock of capital in all the forms which the special industries of the region require; (2) a highly developed system of credit which facilitates the transfer of floating capital; (3) opportunities for acquiring at low cost the raw materials which form the groundwork of the local industries; (4) an abundant supply of the various kinds of skilled labour needed for various processes of industry; and (5) the existence of a highly trained

employing class, possessed of the information and powers of decision requisite for duly directing the industrial forces at its disposal. These features, which will be found to exist wherever great systems of manufactures have arisen, are happily not needed for the attainment of high agricultural development, since division of labour and mechanical inventions are not so extensively employed. It is important also to remember that, if at any time through altered circumstances of production, manufactures should become profitable, there could be no better school for industrial training than the endeavour to promote agricultural improvements.

The next question for consideration will be how far manufactures based on raw materials furnished from Irish agriculture are likely to be successful. The North already possesses the flourishing linen industry, which rests on the large flax production of Ulster; but the circumstances attending its development require examination. The trade was of slow growth, and commenced with a system of *domestic* manufacture, which is not, even now, entirely swept away by the competition of the power-loom, while the peculiar features of the customary land system of Ulster afforded security to the producers of raw material, and aided a larger accumulation of loanable capital. Any argument drawn from the linen industry is therefore necessarily fallacious. The manufacture of sugar from beet-root would present an analogous case of a manufacture which worked up the raw materials produced by agriculture in the south and centre of the country; but the *economic* difficulties seem as great now as they did thirty years ago, when they were pointed out by Dr. Hancock, in one of his many valuable contributions to the proceedings of this society.* He there argued that the cost of producing sugar from beet-root was so high that it would not be a profitable investment for Irish capital, and he effectively exposed the inaccurate statements put forth by the advocates of the production of beet-root sugar, as to the profits to be obtained. Butter and cheese seem to be the nearest approach to manufactured products that can be based on the agriculture of the south. The woollen manufacture would rest on the raw material produced by the sheep-feeding districts of the west; but the peculiar character of Irish wool limits the trade, so far as native raw material is concerned, to the worsted branch, while all the other conditions on which the growth of a system of manufactures depends are evidently absent. Irish producers of woollen fabrics are heavily weighted by the want of an extended organisation of labour, capital, and business ability, such as exists round Leeds.

A branch of industry which is often advocated, but which has, I believe, proved *uniformly* unsuccessful in Ireland, is that of mining. In spite of the glowing descriptions which are often given of the mineral resources lying unworked in various localities; there is no example of brilliant success to set off against the losses which have undoubtedly been incurred. The Mining Company of Ireland and the Wicklow Mining Company have not proved exceptionally profit-

* June 16th, 1851.

able investments, nor is there any prospect of more favourable results being obtained.

Beside the industries which supply the necessaries and the widely-diffused decencies of life, a class of minor employments which turn out articles of secondary importance, may sometimes afford a profitable field for production. In this class the use of machinery is not so great, and etymologically they have the best claim to the title of "manufactures," since labour plays a larger part in the process than production. Switzerland in particular has long possessed many industries of this kind, which have proved a great aid to the labouring classes by supplementing their wages. Those industries have arisen normally in accordance with the habits of the people, and have taken considerable time for their establishment. These minor industries which require little capital, and only take off surplus labour, are not open to the weighty objection which lies against a large manufacturing project, viz.:—that it is an effort to direct the productive power of the community into a less profitable course. For all such projects it is reasonable to assume that the closer they are connected with agriculture the more likely they are to succeed. A second important condition is the prospect of a steady demand for the commodity to be produced, which is more probable if the consumers are near at hand. The special aptitudes of each locality have to be borne in mind, as attempts to start unsuitable industries have by their failure deterred the projectors of rightly conceived and promising designs. Individual effort is an important element in starting such undertakings. The Belleek pottery work affords an excellent instance of the operation of all these conditions. The question to be asked from an economic point of view concerning each new proposal is, will it pay *best*?

Nor are the dangers and difficulties which are inseparable from a large manufacturing business conceived with sufficient clearness by those who advocate the hasty extension of manufactures in this country. One of the most vigorous thinkers among recent economists (the late Mr. Bagehot) has carefully analysed the various items of expense which the employer (whom he rightly regards as the cause of production) has to meet. He enumerates the following distinct elements: (1) Labour in its various forms, skilled and unskilled, (2) and especially his establishment (clerks, etc.); (3) machinery, both in its making and mending; (4) the motive-power needed for production, an essentially different element from number three; (5) the various requisite materials; (6) the site where the work is carried on; (7) the interest on borrowed capital; (8) the cost of advertising and so to speak pioneering the business: and when all these are met, the employer will expect an adequate return for his own exertions and risk.* This careful analysis helps to account for the fact that manufactures on a large scale are confined to districts possessing certain advantages, both natural and acquired. It also tends to show that the view which attributes the non-success of Irish manufactures to want of capital is, to say the least of it, grossly exagge-

* *Economic Studies*, pp. 185-191.

rated. In an earlier part of this paper I have ventured a protest against the immense importance attributed to the functions of capital. I may here add, that in the opinion of the most recent economists, business ability is a far more potent factor of industrial success. According to the older economists "capital appears to be a load of wealth consigned to the care of a blind horse and a blind driver, the safe progress of which is ensured, partly by the imperishable nature of the thing itself, and partly by the sense of the horse, which prevents him from carrying his load very far out of the right road, by stopping him as soon as he feels that he is falling into the pit-fall of no demand."* While the truth is that the proper direction of all the agents of production, not of capital alone, is the really vital question for industry. It is the common cry of the inferior producer, be he farmer or manufacturer, that he cannot succeed owing to his want of capital, quite ignoring the fact that capital is powerless unless in the hands of a skilled manager. The answer which Cobden received from the firm who gave him and his partners their first credit, is a striking illustration of this, viz.: "That they always preferred to trust young men with connexions and with a knowledge of their trade, if they knew them to possess character and ability, to those who started with capital, without those advantages, and that they had acted on this principle successfully in all parts of the world." The absence of business organisation, and it may be added, the emigration of persons fitted for carrying on large enterprises, owing to the improbability of their realising high profits, are causes which go a long way to account for the failure of Irish manufactures. Capital in the proper sense of the term is not really deficient in this country, which has for many years exported it, as shown by Dr. Hancock in a paper on the subject contributed to the British Association Meeting, 1851. The deposits of eight Irish joint stock banks, according to *The Economist*, October, 1883, amount in round numbers to $27\frac{1}{2}$ millions (27,459,267), on which they pay a very low rate of interest. There is, however, nothing unusual in this export of capital from an agricultural district to a manufacturing one. Norfolk and Suffolk used to export capital to Lancashire, and probably do so still.

The line of inquiry as yet pursued has, I think, tended to show that the present industrial system of Ireland is the result of definite economic conditions which, in her case, render agriculture the staple industry, or group of industries, since they afford the most profitable investments. It would be most desirable that this view should be verified or refuted by statistical returns of the profits made by various Irish enterprises. This is at present unfortunately impossible, as adequate details are not published, and so far as they exist are very hard to deal with. It is however in the power of those interested in such inquiries to render our information much more precise. Economists are often blamed for their tendency to theorise with lofty indifference to facts; but are not statisticians to blame too for not presenting their results in a suitable form, and sometimes also

* Longe on the *Wages Fund*.

for not collecting the right sort of information? For instance, in the question of migration, which is at present specially interesting, would it not be well before acting to know the rates of wages in the various localities to be acted on, and indeed all the other elements which affect the labourer's well-being?

Again, economists have carefully, and at much length, analysed the conditions which affect price in what they call a perfect market, and the relation of market to normal prices; but would it not be well to know something about the many very imperfect markets which, it is to be feared, exist in many Irish towns. "Rings," and "corners," "bulling," and "bearing," may not be the terms used, and the operations may not be on the magnificent scale of those in New York or Liverpool; but there are grounds for suspecting that proceedings essentially the same prevail in many parts of this country, and careful inquiry into such matters would, we may hope, be especially suitable for some of the members of the Statistical and Social Inquiry Society of Ireland.

Granting, however, the fact that during the continuance of present economic conditions, Ireland will continue to be mainly agricultural, and manufacturing industry will, as a general rule, be unprofitable, it may be asked why should not some artificial means be adopted to avoid this result. It may also be suggested that the result arrived at is an evidence of the evils of non-interference, and in favour of what is called "paternal government." To such objectors it must be conceded that the rule of non-interference, or *laissez faire*, is not an absolute truth, and it may therefore undoubtedly admit of exceptions. It is only a practical working rule, and if it be found to work badly should be superseded; but before condemning a working rule it is only fair to ask, has the rule been worked and failed in the working? Has Ireland really suffered from a too rigid application of a system of *laissez faire*, or is not the contrary proposition much nearer the truth? viz., that undue interference has been the cause of many of the most serious evils of the Irish industrial system, and especially, is it not true that the maxim of non-interference has been chiefly applied to questions of *distribution*, which are based on law and custom, and therefore modifiable; while it has not been applied to questions of *production* and *exchange*, which are the proper fields for its most stringent application.

The statute-book of the Irish Parliament contains a series of enactments to "encourage" one industry, and to "regulate" another, and this line of conduct was continued by the Post Union Acts for Ireland. The effect of these efforts on Irish industry was admirably set forth in the *Impediments to the Prosperity of Ireland*, which was read to this society by its author. Nor is it, I venture to think, correct to say that there is no further field for the application of the principle of non-interference in Ireland. It is surely a sound deduction from the economic theory of land tenure, that free exchange is an essential condition for the full development of a healthy land system, and yet how far we are from an effective system for the transfer of land, such as almost every other country possesses. The present unsatisfactory position of the labouring class may in part be attri-

buted to the provisions of the poor-law which made it advantageous for landlords and farmers to prevent labourers acquiring cottages in the rural electoral divisions, thus producing evils which legislation is only now tardily endeavouring to remove. The criticism to which legislation is justly open is not that of not interfering when interference is necessary, but rather of interfering at different times for directly opposite aims. Thus the creation of small properties in land worked by the owner was for many years prevented by the peculiar features of the land laws, even at a time like 1849, when they would have been especially desirable; while now, when the economic conditions of the question are widely different, there is a strong sentiment among members of all political parties in favour of creating a class of small occupying owners by legislation, without regard to the economic reasons which ought to be taken into account. The arguments which recommended peasant proprietary to J. S. Mill* are not those commonly advanced by its advocates.

It cannot therefore be reasonably held that *laissez faire* has completely failed as a principle for legislation, nor is it inapplicable to the productive industry of this country. The various schemes to "promote" Irish manufactures by artificial encouragement are indeed in opposition to the principle, and for that reason I am compelled to regard them as unsound. All efforts to establish suitable industries which will yield an adequate profit, as well as all inquiries to elicit the facts which are of importance for intending investors, are most useful, and deserve encouragement; but plans for developing Irish industries by purchasing their products at a higher rate than foreign articles; or, to put it more generally, all attempts to act not on *production*, but on *consumption*, are essentially protective in their character, and therefore are open to the objections which lie against protection. The advocates of such proposals are willing to accept this position, and contend that protection would, if practicable, be desirable for Ireland. Indeed this argument was urged in a very able paper lately read before this society. The writer has based his case partly on authority, and partly on argument. He seems to contend that Adam Smith and J. S. Mill would both approve of the artificial efforts to encourage Irish manufactures, but he has, I conceive, somewhat misapprehended both of the passages he has cited from the former eminent writer. The two cases in which, according to Adam Smith—

"It will generally be advantageous to lay some burden upon a foreign for the encouragement of domestic industry,"

are—(1) The Navigation laws which were admittedly for a non-economic end, and (2) Where an excise duty is imposed on the similar home industry, and the import duty is only to equalise the position of home and foreign products, so that in neither case is the slightest countenance given to protection.

* See *Principles*, book iv., chap. 7, sec. 4. And for the features of an economic sound land system, see ib. book v., chap. 9, sec. 3.

Again, Adam Smith certainly does say that—

“By means of regulations a particular manufacture may sometimes be acquired sooner than it could have been otherwise, and after a time may be made at home as cheap or cheaper than in the foreign country,”

but he adds—

“Though the industry of the society may be thus carried with advantage into a particular channel sooner than it could have been otherwise, it will by no means follow that the sum total either of its industry or of its revenue can ever be augmented by such regulation. The industry of the society can augment only in proportion as its capital augments, and its capital only in proportion to what can be gradually saved out of its revenue. But the immediate effect of every such regulation is to diminish its revenue, and what diminishes its revenue is certainly not very likely to augment its capital faster than it would have augmented of its own accord, had both capital and industry been left to find out their natural employments.”

The essence of Adam Smith's theory is, that the efforts of each man to follow his own interest will produce the most economical distribution of the productive forces of a community, a position which is completely opposed to any attempts to artificially promote certain special industries. As regards J. S. Mill's admission, it must be noticed (1) that it is stated as a concession to protectionists at the close of a vigorous refutation of their general argument; (2) that it has been rejected by all Mill's successors; (3) that all subsequent experience goes to refute it. Cairnes' *Leading Principles* (p. 484), and especially Baden-Powell's *State Aid and State Interference* (chap. v.), and (4) that Mill's oversight necessarily arises from his omission of a theory of *consumption* which has led him into other errors.

Passing from the question of authority to that of reason, I must distinctly state that I find no argument advanced which tends in the slightest degree to impair the soundness of Adam Smith's position, as stated above. I fully believe that the action of individual interest, so far as regards questions of exchange, *tends* to bring about the most economic organisation of industrial forces, and is far better calculated to produce that result than governmental interference, or even patriotic enthusiasm. The general arguments on the subject are to be found in the current text books,* and need hardly be stated here. There are some arguments, however, which require more particular examination. First, it is constantly stated that Irish manufactures in general have been crushed out by the unfair action of the English legislature, but that one of them (the linen trade) was encouraged, and therefore succeeded. It is consequently argued that to compensate for past ill-treatment, Irish manufactures should now be encouraged. To this position it may be answered, (1) that the objection proves too much, for it was not Irish manufactures only that suffered from legislation. Agriculture also came in for its share of restrictions, so that the cattle-trade of Ireland would, if this argument be sound, require artificial encouragement; so would the Irish breweries! Again, granting the fact that Irish manufactures have been depressed

* See especially Adam Smith, book iv., chap. 2, and Cairnes' *Leading Principles*, part iii., chap. 4.

by social and political causes, rather than by want of natural advantages, that affords no ground for interference at present with what has now become the most economic condition of Irish industry. Social and political causes have been, I freely admit, potent agents in determining the condition of industry; but it does not follow that they can be altered without loss. A nation has to accept its industrial environment as a whole, composed as it is of social and physical factors, and its proper course is to make the most economic use of those factors. I may add, that this argument is in substantial harmony with the views held by Adam Smith. Discussing this very point, he says:—

“Whether the advantages which one country has over another be natural or acquired is in this respect of no consequence. As long as the one country has those advantages and the other wants them, it will always be more advantageous for the latter rather to buy of the former than to make.”

And he supports his statement by one of those homely, but forcible illustrations which have helped to make his work classical:

“It is an acquired advantage only which one artificer has over his neighbour who exercises another trade, and yet they both find it more advantageous to buy of one another than to make what does not belong to their particular trades.”*

The true point of view for understanding industrial phenomena is to regard the producers of different countries as co-operating, not as competing, and as forming part of what has been happily called the “territorial organization of industry.” At least, it is hard to see how those who accept the propositions that “industry is limited by the character of the agents of production,” and “that the equation of international demand must necessarily be realised” can avoid taking this view.

Secondly, it may be said that, even admitting that artificial encouragement to special industries is economically unsound, still other ends beside economic ones should be attended to, and it may be desirable to encourage some industries for social or political reasons. Such an argument cannot indeed be refuted on economic grounds; but still the reasons against it are very strong. The manifold evils which arise from interference with the normal course of industry, the uncertainty in trade transactions, the loss to the revenues of the community, the weakening of the spirit of self-reliance, and the fostering of a leaning on governmental support, have all to be considered; to which has to be added the political demoralisation likely to result from placing monetary interests under the direction of the state, or any other political or social organisation.

Thirdly, it may be objected that where the spirit of enterprise is wanting in a people, it is desirable to endeavour to introduce it by governmental action, and also to compensate projectors for the losses inseparable from a nascent industry, by protection or by a bounty. But a study of actual facts does not bear out this view. Commercial capacity is dwarfed not increased by external interference, and men

* Book iv., chap 2.

are rather too apt to invest in speculative proposals, rather than too careful of incurring losses, owing to what Adam Smith has called "their absurd presumption in their own good fortune."

In conclusion, it may be said that the real grounds on which encouragement of Irish industries are advocated, are either transparent economic fallacies, such as the contention that Ireland is drained of "money" which should, it is stated, be "kept in the country," or the conception of this country as a distinct nation, in duty bound to do all the injury it can to the trade of other countries. At all events, we may console ourselves with the thought that economic ignorance and national prejudice are not in any way peculiar to ourselves; they exist and flourish among our neighbours, and therefore cannot ask for encouragement as being "Exclusively of Irish manufacture."

II.—*Primary Education: with a review of the German, Irish, and English Systems.* By W. F. Bailey, Esq., Barrister-at-Law.

[Read Tuesday, 18th December, 1883.]

In the paper which I would lay before the Statistical and Social Inquiry Society this evening, I have endeavoured to bring under consideration the more important questions which occupy the attention of statesmen and all interested in social reform with respect to the great problem of Primary Education. The urgent necessity of considering the whole subject in this country is evident from the important debate which arose in the last session of the House of Commons, on Mr. O'Shaughnessy's motion in favour of compulsory education. It seems to me that the best way of obtaining just ideas on the subject, and of improving our own system, is by viewing it in comparison with the systems of other countries, and thus judging of their relative advantages and disadvantages. I have here collected facts, and drawn attention to the more essential points which arise, in a way that may be of use to those who desire to discuss the subject with a view to reform. Owing to the length to which the subject unavoidably extended, I have thought better to omit many of my own views, and leave the matter to the consideration of those interested in the welfare of our rising population.

In considering the nature of primary education, there are two main points which should especially engage our attention, viz:—(1) What object is to be kept in view in instructing the masses? And (2) —What are the best means of attaining that object? Educational reformers have adopted very contradictory answers to the first question. Some think that it is the duty of the State to give each of its citizens an education that would enable him to fill adequately the part assigned to him by the exigencies of his position, and to utilise his faculties so as to acquire a good and useful knowledge of his particular trade or calling. In accordance with this theory, the chief object to be considered in teaching a tradesman the rudiments of learning is that he should be able to carry on his business so as to