THE EVOLUTION OF MODERN CAPITALISM.*

THE Contemporary Science series continues to justify its existence and to bring credit upon its editor and its contributors. This latest volume, by the author of *Problems of Poverty*, is not so distinctively as Mr. Ellis' recent book on *Man and Woman* a notable performance in a field where the scientific method has been but little applied, but it is a careful, studious and well-balanced book, deserving high praise. Mr. Hobson has wisely limited his subject, as his sub-title denotes; he does not enter into the financial aspects of the development of modern capitalism, but restricts himself to the industrial field, assigning a central place to machine production as the most characteristic phenomenon. He is aware that this position is to some extent de-

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ceptive, but there is a practical necessity for selecting "some clearly appreciable standpoint."

Concrete capital Mr. Hobson defines as consisting "of all forms of marketable matter which embody labor. Land or nature is excluded except for improvements; human powers are excluded as not being matter; commodities in the hands of consumers are excluded because they are no longer marketable. Thus the actual concrete forms of capital are the raw materials of production, including the finished stage of shop goods, and the plant and implements used in the several processes of industry, including the monetary implements of exchange. Concrete business capital is composed of these and of nothing but these." Capital being thus defined as is usual in the business world, "the chief material factor in the evolution of capitalism is machinery. The growing quantity and complexity of machinery applied to purposes of manufacture and conveyance and to the extractive industries is the great special fact in the narrative of the expansion of modern industry."

Mr. Hobson naturally begins his study with a chapter on "the structure of industry before machinery," in which he considers such matters as the slight importance of the foreign commerce of England in the earlier part of the eighteenth century, the feeble elements of cohesion inside the country itself, the self-sufficiency of the small communities, and the fixation of capital and labor in particular localities and businesses. After explaining in some detail the senses in which a "machine" as different from a "tool" is used, he shows "the order of development of machine industry" and the great advantages which England enjoyed in the political situation that coincided with the great evolution of machinery in the years 1790–1820 especially. He notes the falsity of a common notion:

> The history of these textile inventions does a good deal to dispel the "heroic" theory of invention — that of an idea flashing suddenly from the brain of a single genius and effecting a rapid revolution in a trade. No one of the inventions which were greatest in their effect — the jenny, the water frame, the mule, the power loom — was in the main attributable to the effort or ability of a single man; each represented in its successful shape the addition of many successive increments of discovery; in most cases the successful invention was the slightly superior survivor of many similar attempts. "The present spinning machinery which we now use is supposed to be a compound of about eight hundred inventions. The present carding machinery is a compound of about sixty patents."

Under this development of machinery the amount of capital needed increases faster than the number of hands to be employed, and the division of labor leaves Adam Smith's "famous pin manufactory, with its ten separate processes, far behind. In a modern shoe factory in the United States there are sixty-four distinct processes. . . . The American machine-made watch is the product of three hundred and seventy separate processes." The multitude of patrons of the immense distributing shops in our large cities will mark with interest the cause assigned for their growth: "Finding that goods advertise one another manufacturers are frequently induced to add new departments to their business, expanding the scope and variety of their productions. In retail trade this tendency is widely operative."

With the increasing pressure of competition between great firms Mr. Hobson finds that profits can be obtained in two ways only:

> A successful firm must either be in possession of some trade secret, patent, special market, or such other private economy as places it in a position of monopoly in certain places or in certain lines of goods, or else it must make some arrangement with competing firms whereby they shall consent to abate the intensity or limit the scope of their competition.

Hence arises the trust as the logical culmination of competition, the object being to obtain monopoly prices since competitive prices were ruinous. Mr. Hobson's study of trusts is free from those hysterics into which so many writers of socialistic tendencies are apt to fall. After considering the effects of machine production in intensifying industrial depressions he discusses its influence on the demand for labor, taking this favorable view on the whole:

> So long as a community grows in numbers, so long as individuals desire to satisfy more fully their present wants and continue to develop new wants, forming a higher or more intricate standard of consumption, there is no evidence to justify the conclusion that machinery has the effect of causing a net diminution in the demand for labor, though it tends to diminish the proportion of employment in the "manufacturing" industries; but there is strong reason to believe that it tends to make employment more unstable, more precarious of tenure, and more fluctuating in market value.

Mr. Hobson treats the question of the effect of machinery on the mental and moral status of the work people in the same fair way. He believes that "the surest support of the 'economy of high wages' is the conviction that it will operate as a stimulus to industry through increased consumption," and that the economic future of the working classes depends largely upon their growing tendency "to employ their higher wages in progressive consumption." His discussion of "women in modern industry" is especially interesting and candid. He shows the tendency of machinery to favor the employment of women, as of children also — their low wages being fixed by the same general disadvantages as those under which children and low-skilled men lie. The very evil effect of factory work for women upon the home life is "a tendency antagonistic to civilization," and it should be further counteracted by legislation or by public opinion.

Mr. Hobson's general conclusion is that there is need of "a growing social control over modern machine production in cases where that production is left in the main to the direction of individual enterprise," and he takes a moderate collectivist position in reference to "natural monopolies" and the industries controlled by trusts, without being rigorous or dogmatic. "It is to improved quality and character of consumption that we can alone look for a guarantee of social progress;" in other words, the working people of today must rise as others have risen before them. "The highest goods are essentially at once individual and social," and their importance becomes greater as civilization advances. But idleness, whether in poverty or in luxury, is anti-social; and Mr. Hobson quotes with approval the forcible saying, "Life without work is guilt; work without art is brutality." His volume belongs to that sane literature of sociology in which facts are studied closely and prophecy is moderate, and it should do much good in clearing away false rhetoric and sophistry wherever it goes.