

## MARGINAL NOTES

FAREWELL TO 'LAISSEZ-FAIRE'.—Among the Baconian 'idols of the theatre' which beguiled English political economists during the early part of the nineteenth century perhaps the most illusory was the belief that the principle of laissez-faire furnished an automatic and self-regulating economic system which could not fail to promote the public weal. 'Laissez-faire' in the vocabulary of economic science originated with the Physiocratic School of French economists in the eighteenth century, and Martin (*Hist. de la France*, vol. 18) makes the following comment upon it: "Laissez faire et laissez passer! c'est à dire, plus de règlements qui enchaînent la fabrication, et font du droit de travailler un privilège: plus de prohibitions qui empêchent les échanges, plus de tarifs qui fixent les valeurs des denrées et des marchandises." The phrase came to be applied in England to the policy of the school of political economists which decried State intervention in the affairs of trade and industry, and professed to find sanction for its policy in Adam Smith's *Wealth of Nations*. But Smith would seem to favour the 'let alone' policy only to the extent that the individual producer or mercantilist is capable of carrying on his affairs with advantage to the community; and where he fails in this, then State intervention becomes imperative in Smith's opinion.

About the middle of the nineteenth century the economic doctrine that "wealth fructifies best when it is left in the pockets of the citizen" and that industry and commerce are best served by unrestricted competition between individuals or corporations became subject to severe questioning and criticism by social reformers. The public mind was not slow to react to this attack upon the utility of laissez-faire as an economic factor. Government control of economic activities was demanded. Mr. Gladstone was not tardy in his response to the demand. As President of the Board of Trade in Sir Robert Peel's administration, he secured the passage of the Railways Act of 1844 which "defined the principles of State regulation of monopolies, requiring from the railway companies a very full publicity of accounts, and reserving for the State the power of fixing prices, *i.e.*, of fares and rates." (Hearnshaw's *Prime Ministers of the Nineteenth Century*, p. 240). In doing this Mr. Gladstone set at defiance the fundamental canon of the laissez-faire school which declared that interference with the management and profit-culture of industrial or commercial enterprises was outside the functions of government.

Moreover it gave credence to his declaration in later life that the Liberal Party under his leadership had never accepted the pure individualist doctrine of laissez-faire.

Since the passing of that enactment respecting railways the statute-book of the Parliament of Great Britain has received accessions to its bulk by what has been called socialistic legislation, such as the Trade Unions' Act, the Workmen's Compensation Act, the Miners' Eight Hours Act, and the Sweated Industries Act. They indicate that the social problems created by the Industrial Revolution were not confined to the nineteenth but persist in arising and calling for ethical adjustment in the twentieth century. Thus we are led to see that the economic value to the State formerly ascribed to the operation of the principle of laissez-faire was a myth, and that the ordering of the economic life of a people has now found a surer and more praiseworthy system than the unregulated competition of men in the sole pursuit of their own self-interest.

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EDUCATION AND DEMOCRACY.—In a bulletin recently issued by the executive of the Canadian Teachers' Federation the opinion was expressed that by instructing the school children of today in the "traditional beliefs and ideals of Democracy" the teachers alone can raise the spirit and tone of our citizenship to a higher level than it has hitherto manifested. We learn with pleasure of this attitude of the Federation at a time when the supreme issue of a war now in progress is whether Democracy or Dictatorship shall be the future form of government the world over. To heed Aristotle's advice that education in citizenship is unsuited to the young because of their remoteness of contact with the machinery whereby the rules of civil conduct are enforced, is to forget that the complexities of the legal and political system of ancient Athens are wholly unknown to modern systems. Then again, the study of history has always been on the curriculum of our secondary schools and history is an explanation of how we come to be doing what we usually do from day to day under the rules that govern our citizenship. History also shows us how the ideals of social right and liberty which animated the minds of our ancestors have been realized at the present time, and this knowledge leads us to reverence the form of democratic government under which we live. Sidgwick in his *Development of European Polity* tells us that "History is past politics, and politics present history"; and Delisle Burns in his *Political Ideals* declares that

history so conceived "will be made something more than the luxury of a scholar. It will be the inspiration of the honest politician: it will be the real basis for criticism of the present and modification of the future."

And so we hope that the Canadian Teachers' Federation will succeed in making what they have called the "traditional beliefs and ideals of Democracy" a special feature of the history course on the curriculum of our secondary schools.

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"FUNNY MONEY."—Members of the Banking fraternity in Canada are careful in their use of words addressed to the public ear, and we confess to a sense of shock when we met with the phrase "funny money" in the speech delivered by Mr. H. T. Jaffray, President of the Canadian Bankers' Association, in Toronto on the 14th of the present month. The phrase appears in the portion of his speech which voiced a warning against the danger of another depression following in the wake of the present war. We quote in part what he said on this subject:

From time to time we hear suggestions to the effect that Canada should resort to inflation, or to one kind or another of "funny money" to finance this war. I cannot too strongly condemn any such suggestion as not being in the best interests of the country, and because such experiments must inevitably carry with them an aftermath of depression. Labour of every kind is doing its part in the war effort in a wholehearted manner, working long hours, waiving holidays, and in contributing both by its efforts and with its earnings to the country's need. To resort to any expedient that would bring to the workingman at the end of this war another period of depression is beneath the consideration of a country such as Canada, and I can only think that those who advocate such proposals cannot realize what the results would be.

So far as Mr. Jaffray regards inflation as a form of "funny money" he must have been pleased with the statement of Finance Minister Ilsley, in his address during the debate on the Speech from the Throne, that the Government will continue to base its wartime economy on the belief that "inflation is the most unfair, the most uneconomical, and the most dangerous of all war financing".

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TOLSTOI'S SURVEY OF RACIAL CHARACTER.—In turning over the pages of a book recently we happened upon the following quoted passage from Tolstoi's *War and Peace*. It was written

in the sixties of last century, but it stands as a 'judgment of value' for us at the present time when the characters of men are being subjected to the acid test of war.

"The Frenchman is conceited from supposing himself mentally and physically to be inordinately fascinating both to men and women. An Englishman is conceited on the ground of being a citizen of the best-constituted State in the world, and also because he as an Englishman always knows what is the correct thing to do, and knows that everything that he, as an Englishman does do, is indisputably the best thing. An Italian is conceited from being excitable and easily forgetting himself and other people. A Russian is conceited precisely because he knows nothing and cares to know nothing, since he does not believe it possible to know anything fully. A conceited German is the worst of them all, and the most hardened of all, and the most repulsive of all; for he imagines that he possesses the truth in a science of his own invention, which is to him absolute truth."

Obviously Count Tolstoi would not be in agreement with Kaiser Wilhelm II when he said to the German people some time before the War of 1914-18 "*Wir sind das Salz der Erde!*"

CHARLES MORSE.

Ottawa.

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