

extent. Of an annual revenue of about £10,000,000, a little less than one-half went to pay the interest on the national debt, the army and navy took £3,800,000, the civil list and expenses of government £1,200,000, and there remained less than half a million pounds to be divided among the other undertakings of the state.<sup>1</sup>

Adam Smith's postulates as to the functions of the state bore a definite relation to these circumstances. He divided its duties into three. These were to protect its inhabitants from invasion or violence by other states, to administer justice within its territory, and to establish and maintain certain necessary public works which private citizens could not undertake with any hope of financial success. Education, he considers, should be partially under state control and partially left to individual enterprise. He was opposed to the state endowment of religion, and to the state regulation of industry and commerce. His theories were the result of an unconscious synthesis of the actual conditions and needs of his time.

The beginning of the present century synchronizes with the first stage of the existing industrial régime. Wealth increased rapidly in the hands of employers and landowners, but the condition of employés and laborers was not proportionately improved. The distinction between the two classes became more marked, and their interests more divergent. In 1802, the first of the Factory Acts was passed, in the hope of checking the abuses of the apprentice system in the cotton and woollen mills. In 1819, a second Act was found necessary. These proved to be only the vanguard of a large number of enactments restricting and regulating the employment of labor in factories and mines.

It was under these conditions, when state interference in industry was necessary if the grossest forms of injustice were to be prevented, that Mill wrote his *Principles* in 1848. His attitude towards the state is much more catholic than that held by Smith. He divides its duties into necessary and optional,<sup>2</sup> but he intimates that there is no rigidity in either classification. An optional function may become a necessary function under different conditions. Expediency is the sole rule that will pre-

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<sup>1</sup> Dowell, *History of Taxation*, Vol. II, p. 163.    <sup>2</sup> *Principles*, Bk. 5, Ch. 1, ¶ 1.