

Transcription, July 2017:

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[p. 6d]

(3) '*Bad Times.*'

The full title of this book is “An Essay on the present Depression of Trade, tracing it to its sources in enormous foreign loans, excessive war expenditure, and the depopulation of the rural districts, with suggested remedies,” and its size is strikingly out of proportion to the length of the title. This, perhaps, is explainable from the circumstance that the essay was written in competition for Pears’ prize of 100 guineas, in which space was limited by regulation. The essay did not gain the prize, and is now submitted by Dr Wallace himself to the judgment of the public. To say that it is lucid and attractive in style is merely to say that it was written by the author of “Tropical Nature” and other works which are a lasting delight. To say that the schemes which it advocates by way of “remedies” are chimerical is but to say that it is by the author of “The Nationalisation of the Land.” It is but right, however, in this last connection to dispose at once and for ever of those sneers which have been raised against Dr Wallace for forsaking the paths of natural science, where he is at home, to dogmatise in practical economics, of which he was supposed to be ignorant. Dr Wallace now tells us that for twelve years of his early life he was in active employment as a land surveyor, during which time he lived chiefly among farmers and country people in various parts of England and Wales. The interest which he then acquired, he says, in agriculture and rural life has been supplemented by observation and study during recent years, so that in now coming forward as a writer on the land question he is not taking up a new and unfamiliar subject, but is returning to one which in former years occupied much of his attention. This explanation is due to the writer, for it is proper the reader should know, whether he agrees with him or not, that the author is not attempting to air crude and newly-formed crotchets. Well, then, as regards the present depression of trade, Dr Wallace is of opinion that it is unlike any previous “depressions,” that we are “suffering in an altogether exceptional manner,” and that because “the disease of the social organism is due to causes, or combinations of causes, which have not been in action on former occasions,” therefore “the remedial agencies which have been effective on former occasions have how failed us,” and must continue to fail us. In this Dr Wallace states a proposition which we cannot accept, and which he does nothing to establish. The existing depression may differ in degree, but not in kind, from former depressions, and the combination of causes, if not precisely the same combination as existed in any one previous depression, is yet but a combination of causes, some of which existed more or less in some or all of the previous depressions; and the only effective “remedial agency” in the past was to leave nature to work her own cure. Dr Wallace rejects, not only separately but also collectively, causes which have been alleged by various writers—such as over-production, bad harvests, foreign tariffs, the depreciation of silver and appreciation in gold, &c.—and his chief reason for rejecting even a combination of these theories is because the depression has affected, almost simultaneously, all the chief great manufacturing countries of the world. This is a fact beyond dispute, but it is not, to our thinking, irreconcilable with some or all of these theories. But Dr Wallace’s reason for rejecting the current theories is all the more remarkable in view of his own contention that our present depression is the result of losses in foreign loans, of the war expenditure of the chief nations of Europe, of the concentration of capital in the hands of millionaires, of the extension of speculation, especially through the Limited Liability Acts, and of adulteration and dishonesty in manufacture. We do not deny that some measure of explanation is to be found under some of these heads, but how can our

own national losses in foreign loans be a cause of the depression of trade in other countries? Dr Wallace shows fairly enough that the raising of these loans by impecunious States lent an artificial stimulus to our own industries, and so led to what is common to call "over-production," but in drawing harrowing pictures of the natives of these foreign States being crushed by taxation in order to pay the interest on the borrowed money he is beyond the facts. The losses which we have incurred in foreign loans have been where the borrowers are defaulters and do not pay the interest at all! Albeit, there is something in the ethical aspect of economics in connection with these loans which has not perhaps been sufficiently considered, and which Dr Wallace very justly calls attention to, and that is that "it is the *purpose* for which a loan is required, or to which it is applied, that determines whether its effects shall be good or evil; and it is because the greater part of the foreign loans of recent times have been essentially immoral, inasmuch as they have been made in order to support war and conquest, or to pander to the vices of the speculations of despotic rulers, that they have caused nothing but evil to all concerned." Yet how can we say that one result of these loans has been to prevent certain nations from consuming their accustomed supplies of our manufactures because their peoples "are taxed and impoverished in order to pay the usurious interest on them," when, as a matter of fact, they *do not* pay any interest at all? Then, as regards war expenditure, there is force in a good deal of what Dr Wallace advances, but it is preposterous to say that the military preparedness of modern Europe involves a total *loss* to the community of the labour of about seven millions sterling. It is equally preposterous to say that the labour of the small army of men required, from first to last, to produce a first-class ironclad might as well have been employed in pumping water out of the sea and allowing it to flow back again. From an ethical point of view it may be admitted that labour could be better employed than in producing munitions of war, but even from an ethical point of view labour is better thus employed than not employed at all, for we must remember that preparations for war are necessary not so much to fight as to preserve peace and order. One might as well say that our individual expenditure on lightning-conductors, fire-escapes, fire-extinguishers, and burglar-proof safes were wholly wasteful. That there is much waste in connection with war expenditure, and that there is a good deal of misapplied labour in connection with it, can hardly be denied, but the thing is not to be summarily disposed of in Dr Wallace's method. It is true that actual war is productive of ultimate injury to capitalists, manufacturers, traders, and labourers, but it is not therefore true that the preparation for war is equally injurious. Indeed, the converse is apparent, when we regard the vast industries which are supported by our own national requirements for self-defence. When Dr Wallace enters upon the consideration of rural depopulation as one cause of trade depression, he enters upon still more debatable ground. It may be a national misfortune that so large a proportion of the rural population—Dr Wallace says two millions in ten years, and without admitting we shall not stop to question his figures—should have migrated into the towns. But then we must not regard this as a total loss, but rather as a transposition of labour. The rewards of labour in industrial communities are larger than they are in agricultural districts, and although it is too much to assume that the whole of the migrated population found better employment, it is a reasonable inference that the average earnings of them have been much higher since their migration. The question is, however, too wide for discussion at this point, for it opens up the whole question of agriculture and land, to which Dr Wallace devotes the remainder of his essay, and reproduces his views on the nationalisation of the land, and the fostering of peasant cultivation. Some interesting matter is educed in this connection, and some misconceptions created by the use of the word "allotments" are removed but as we are not convinced of the benefits of peasant-cultivation for this country we necessarily do not anticipate from it the remedial reaction upon trade which Dr Wallace predicts. Other remedies he suggests are the total repeal of the Limited Liability Acts, the imposition of a heavy stamp

tax upon all stock exchange operations, further severe legislation applicable to adulterated and dishonest manufactures, the discountenancing of further foreign loans by [p. 6e] Government and public opinion (whatever that may mean), and the checking of the absorption of capital by means of a graduated tax, and the limitation of wealth transmissible to private individuals by will or intestacy. Dr Wallace, it may be remarked, is in direct variance from Mr Goschen in trying to find one cause of trade depression in “the undue increase of the very wealthy at the expense of the mass of the people,” for the converse is established by the income-tax returns. While unable, however, to accept all Dr Wallace’s premises, and while differing from him in his general conclusions in respect to remedial methods, we can heartily coincide with the principle on which he seeks to base them, that “it is by applying the teachings of a higher morality to our commerce and manufactures, to our laws and customs, and to our dealings with all other nationalities, that we shall find the only effective and permanent remedy for depression of trade.” In this direction we may and should always strive, but the result will be only attainable contemporaneous with the millennium.

⁽³⁾Bad Times; an Essay on the present Depression of Trade. By Alfred R. Wallace, LL.D. London: Macmillan & Co.

The Alfred Russel Wallace Page, Charles H. Smith, 2017.