

The man who shall discover the true cause or causes of the terrible depression of trade, which for the last decade has pressed so severely on the greater portion of the civilized world, and shall succeed in convincing the public opinion of Europe, or even England, of the truth of his discovery, will have done an incalculable service to mankind. Hitherto, it must be admitted, the truth, if known to any one, has not been generally accepted. Dr. Alfred Russell Wallace,⁶ whose splendid achievements in other fields of investigation entitle him to a respectful hearing in this, offers an explanation which, if it brings to light no hitherto unsuspected causes, very clearly demonstrates the importance of some known causes, and the futility of others that are often suggested. The inadequacy of hostile tariffs, or changes in currency,

⁶ "Bad Times: an Essay on the Present Depression of Trade, Tracing it to its Sources in Enormous Foreign Loans, Excessive War Expenditure, the Increase of Speculation and of Millionaires, and the Depopulation of the Rural Districts. With Suggested Remedies." By Alfred Russel Wallace, LL.D, London: Macmillan & Co. 1885.

as causes of depression, is evident when we remember that the depression began suddenly in 1874 without any corresponding alteration in these alleged causes. Bad harvests, again, cannot be an explanation of a phenomenon which is found existing equally where harvests are good. And as to what is called "over production," it is obviously a symptom and not a cause. The phenomenon to be explained is "the widespread diminution in the demand for our chief manufactures, both at home and abroad." The diagram on page 19 exhibits the notorious fact that while we have gone on taking ever more and more from foreign countries, our foreign customers have been taking less from us than they formerly did. Our foreign customers must therefore have been purchasing elsewhere, or else must have greatly reduced their consumption. That they are not purchasing elsewhere is proved by the depression existing simultaneously in all great manufacturing countries, and the falling off of customers there too. Hence we are driven to "the startling but inevitable conclusion that the total demand for the staple manufactures of the world has diminished in proportion to population; "in other words the mass of mankind have become poorer. Dr. Wallace then lays down the following criterion of a true explanation:—

In order to show that any alleged cause of the depression is a true cause, it must be proved that, either directly or indirectly, it impoverishes or otherwise diminishes the purchasing power of some considerable body of our customers; and further, that it is a cause which began to act at, or shortly before, the first appearance of the depression, or became greatly intensified in its action about that time; and yet again, that it has continued in action for several years, or is still acting.

These conditions are satisfied, Dr. Wallace thinks, by certain causes which he points out, and which, moreover, in their combined effect are "adequate to account for the existing depression in all its wide extent and almost unexampled persistence." The most important of these are Foreign Loans, Increased War Expenditure of Europe, and Agricultural Depression in England, due chiefly to bad land system, resulting in rural depopulation; whilst among minor causes are Millionaires, Speculation, and Adulteration. Each of these causes is examined in some detail. The two former affect our foreign trade by impoverishing our foreign purchasers. Great loans create at first an abnormal demand for our manufacturers, but as soon as the money is spent, this abnormal demand ceases, while the normal demand is permanently diminished, if, as usually happens, the loan has been spent unproductively, and the borrowing country has to pay interest and perhaps a sinking fund. At home, a bad land system, combined with the predominance of bad harvests and a fall in prices, has caused a serious diminution in the numbers and the purchasing power of the population. Coming to remedies, the Government should do all it can to discourage foreign loans, and should avoid all wars, except for self-defence. But the remedy to which Dr. Wallace looks for the richest and most permanent results is reform of our land system, directed to securing to the farmer fixity of tenure at fair rent, with ownership of

his improvements; and to the labourer, not an "allotment," but as much land attached to his cottage as he can cultivate in his spare time. The remarkable facts mentioned by Dr. Wallace as to the increased produce that land so cultivated has yielded are at least worth careful consideration. Quitting for a moment his *rôle* of economist and assuming that of the moralist, Dr. Wallace claims that "in every case in which we have traced out the efficient causes of the present depression, we have found it to originate in customs, laws, or modes of action which are ethically unsound, if not positively immoral." The whole essay is thoughtful and moderate in tone, an agreeable contrast to the majority of similar essays on the subjects it deals with.