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[p. 3b]

### ‘Bad Times and Their Remedies’<sup>1</sup>

The pressure of bad times has long been so keenly felt in every part of the country that a candid examination of the cause, from whatever source it may come, is certain to be read and pondered. Although, therefore, this is not a subject upon which Mr Wallace is quite a specialist, or justified in pronouncing an *ex cathedra* verdict, everybody will be glad to know what his views are, and what are the remedies which in his judgment might operate upon the existing depression. Anything is better than the callous optimism which satisfies itself with its own prosperity, and even tries to show that the depression through which we are passing is rather a comfortable sign of our own inherent prosperity than anything else. Mr Wallace takes, on the whole, a wide view of the question, and, if he deals more fully with the agricultural aspect of his subject than with any other, it is because the experience of his early life gives him a better acquaintance with that part of the question. He makes no attempt to explain away or minimize the distress of our present condition, but states the problem as follows:—

We are called upon to explain why it is that, notwithstanding the exceptional advantages we possess, in an ever-increasing command over the more recondite powers of nature, an ever-increasing use of labour-saving machinery, a body of labourers whose industry and skill are proverbial, and far more complete and perfect communication with the whole world than was possessed by any previous generation— notwithstanding all these favourable conditions, which would seem to render prosperity certain, we yet find trade crippled and labour paralysed, goods of all kinds selling at unremunerative prices, yet the masses too poor to buy, and universal complaints of diminished profits and restricted markets. So long as these questions are not fully and completely answered, so long as a remedy is not found for the widespread and persistent evil which afflicts the mass of our people, our whole system of social economy, even our civilisation itself, must be accounted to be failures. It will undoubtedly be admitted that a system of society under which willing hands cannot find profitable work, and countless shops and warehouses overflowing with every necessary, comfort, and luxury, mock the longing eyes of insufficiently-clad and half-starved millions, is neither a sound nor a safe one.

We may venture to assume that Mr Wallace entirely agrees with Lord Iddesleigh’s Commission on Depression in Trade, for, although he fears that the evidence given may be conflicting, he is still very strong upon “the necessity for a thorough and systematic inquiry into this important subject.” We can hardly suppose that he would prefer private inquiries by journalists and irresponsible writers for Reviews to a serious examination by specialists chosen from all ranks in the country. The alleged causes of the depression, as popularly cited, are over-production, free trade, bad harvests, and the disturbance of the currency, whilst one illustrious member of the Cobden Club propounds the astounding theory that the good harvest of last year did all the mischief! Mr Wallace contends that neither of these reasons separately nor all put together sufficiently account for the existing facts. A comparison of evidence shows that the total demand for the staple manufactures of the world has been diminishing in proportion to the population, a very clear proof that their purchasing power has grown smaller. What, then, are the criteria of a true explanation? Let us hear Mr Wallace:—

It must be proved that, either directly or indirectly [the assigned cause] impoverishes or otherwise diminishes the purchasing power of some considerable body of our customers; and further, that it is a cause which either 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.

It does not appear, however, that any one cause is sufficient in itself to account for the unexampled persistence of the admitted depression, and Mr Wallace confines himself to examining certain facts which he deems adequate, in their combined action, to explain the existing bad times. Foreign loans stand foremost. During the years 1870-75 he finds that we supplied other countries with lent money to the amount of £260,000,000, besides financing foreign railways and other undertakings which often proved unproductive. If the loans had been well spent the results would have been favourable to ourselves; but it was not so.

the real reason of the decrease of our exports to the countries which have contracted large loans (and Mr. Mongredien shows that it is to these countries alone that our exports have largely diminished) is, that the money has been used unproductively, being expended in wars and war-materials, or in useless public works, or squandered in supporting the luxury or gratifying the whims and passions of despotic rulers. The people, therefore, on whose custom the welfare of our manufactures chiefly depends, are no better off, and often even worse off, than before; while the heavy load of taxation required to pay interest and sinking fund, not merely on the money received but also on the large portion absorbed by financiers and agents, greatly diminishes their power of purchasing foreign goods. Hence it follows, as might have been anticipated, that it is the purpose for which the 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 or the speculations of despotic rulers, that they have caused nothing but evil to all concerned, laying a heavy burden of taxation on the people of the borrowing State, thereby checking trade in the lending State, and producing general distress among her workers.

Next to foreign loans Mr Wallace places the modern increase of war expenditure—an increase comparatively slight in our own case, but most significant in foreign countries largely using our goods.

In most of the great states of Europe the increase both of men and of war expenditure has been far greater than ours. Austria up to 1874 spent less than seven millions on her army; she now spends £13,433,000, with an increase of about fifteen thousand men. France has increased her forces by fifty thousand men in the last ten years; while her military and naval expenditure has nearly doubled since the war, and now reaches the enormous sum of £35,500,000. Germany during the same period has raised her war expenditure by more than three millions, the present amount being £20,050,000. Italy has doubled her war expenses since 1873. In that year they were a little over nine millions, now they are £18,900,000. Russia has followed the same course, having increased her war expenditure from less than twenty millions in 1870 to £33,000,000 in 1884.

The expenditure of this sum, together with the consequent use of so many men unproductively employed, causes a general loss, which Mr Wallace takes as follows:—

We may fairly estimate, then, that the military preparedness of modern Europe involves a total loss to the community of the labour of about seven millions of men, and a corresponding amount of animal and

mechanical power and of labour-saving machinery. If, now, we consider that the weight of guns, the thickness of armour-plating, the size and engine-power of ships, and the complex requirements of an army in the field, have all been rapidly increasing during the last ten or fifteen years, we may fairly estimate that one-fourth or one-fifth of this number of men have been abstracted from the productive workers of Europe during the last ten years, the period over which the commercial depression has extended.

Next to the war expenditure of the world Mr Wallace places rural depopulation. Nobody disputes the remarkable degree to which this had taken place, and Mr Wallace is justified in pointing out the increased death-rate among agricultural labourers who betake themselves to towns. He might also have added that a large number of those who resort to London are rapidly absorbed into the criminal class, or the ranks of unemployed men always verging on criminality. But their removal is injurious from another cause.

One of the direct and immediate results of the transference of nearly two million people from country to town is to diminish our production of food. A considerable proportion of these families kept pigs and poultry, and some a cow or a few sheep, while vegetables and fruit were grown by almost all. The enormous increase in the imports of such articles of food as bacon, butter, cheese, eggs, poultry, and potatoes, during the last forty years, has been adduced by Mr. Giffen as proving the increased well-being of the working classes, but a large portion of it is certainly due to decrease of production, owing to the decrease of country-dwelling labourers. If we look at the importations of the following special products of the rural industrial classes, we shall see plainly the loss we have sustained by driving them into the towns:—

	Imports in 1870.	Imports in 1883.
Bacon and Pork . . . . .	863,000 cwt. . . . .	5,007,000 cwt.
Potatoes . . . . .	127,000 cwt. . . . .	4,034,000 cwt.
Eggs . . . . .	430 millions . . . . .	814 millions.

It is absurd to suppose that our consumption can have increased to this enormous extent during a period of commercial depression; but a large portion, if not the whole, of this excess of imports may be explained by the fact that these articles were formerly produced by the millions of labourers and others who have left our depopulated rural parishes, or by the farmers who employed them. It must always be remembered that a large part of the value of this food is dead loss to us, since it was and still would have been mainly produced by the utilisation of time and labour otherwise wasted. And much of it was also a clear gain to the labourer and was chiefly spent by him in home manufactures; so that the loss of all this is a very important cause of depression of trade. Two millions of customers impoverished by a forced change of their conditions of life is a factor which cannot be neglected.

Mr Wallace is not very happy in his explanation of the reduction in out-door pauperism in East London. His ingenuous suggestion that the Charity Organisation Society has supplied the place of official relief is really too comic. Mr Wallace will find a very different impres- [p. 3c] sion prevailing in Whitechapel or Bethnal Green. The guardians have indeed cut off out-door relief, but that does not abolish the need for help, or make men and women more ready to enter “the house.” A further cause of depression is, according to Mr Wallace, the existence of millionaires, whose numbers have been so largely recruited of late years from the ranks of successful traders. Injudicious speculation, and the wholesale adulteration of English goods to the destruction of their fair name, are further causes alleged by Mr Wallace. As remedies for it all he proposes the discouragement of foreign loans, the reduction of war expenditure (a sore point, surely, with the Liberals, who have so consistently plunged us into war!), a graduated income-tax on large fortunes, the total repeal of the Limited Liability Acts, the enforced confession of adulteration in all goods so made up, agricultural allotments, and security of tenure. Mr

Wallace breaks down, we fear, in the latter part of his essay in a way that readily explains its ill-success in competition for the Pears Prize. It contains, however, so much useful matter that we gladly welcome it as a valuable contribution to a question of the first importance.

<sup>1</sup> *Bad Times*. By Alfred Russel Wallace, LL.D. London: Macmillan & Co.

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