

BAD TIMES.

In these days of many books, one gives a welcome to the man who can write a small book; but in this case the man is he whose work makes him the rival of two not often found together in the same comparison, — Charles Darwin and Henry George. Mr. Wallace, as a naturalist, disputes with Darwin the claim of having originated the theory of natural selection; while, as the defender of the nationalization of land, he also appears in the field where Henry George had been the most prominent figure. Like Simon Newcomb, who has lent the hours not occupied by severe mathematical studies to the service of political economy, so Mr. Wallace has turned from natural history to explain to us the causes of the depression in business which has in the years since 1873 become so unfortunately familiar to us all.

His definition of 'bad times' consists in "the low prices of goods, the number of men out of employment, and the numerous bankruptcies" (p. 14), thus showing the influence of that common failing in business circles wherein men think that high prices are in themselves good, and low prices bad. It is owing to this prevalent opinion that men are apt, even when they know better, to wink at any measure which promises higher prices, even though it be through increased quantities of money. Indeed, our silver dukes hold their vassals in obedience, to no small extent, by making them believe that demonetization of silver leads to a contraction of the world's money, and so to a fall of prices. When a man has a stock of goods on hand, he wants prices to go up, no matter how. This overlooks the fact that money as a medium of exchange is only a means to an end, or a road from one to another place. An increase of money may raise prices, but not the quantity of goods in the world. Doubling the trucks in a store does not double the goods which they are made to carry.

But the real distress from low prices arises from the fact that they once were high; and that obligations to a fixed amount, entered into when prices were high, must now be paid off when prices are lower. This is the painful process; and yet it is painful only because people, led away in the period of speculation by sanguine expectations, entered into obligations which they did not have the actual wealth to satisfy. They bought with an enlarged faith, that is, with an expanded credit; and when the panic came, they found out that they had

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. London, Macmillan, 1885. 16°.

only expectations, instead of real wealth, with which to meet their engagements. Into this truth our author takes us, with some natural traces of English insularity, by explaining the effect of foreign loans in producing the depression. In 1870-75 he claims that England furnished one thousand three hundred million dollars as foreign loans to Egypt, Turkey, Russia, Austria, Italy, and Spain; to Brazil, Peru, Chile, and Paraguay; and to Costa Rica, Mexico, Guatemala, Honduras, Japan, and the United States; and to English colonies. These loans left England in the form of exports; so that English exports appear to have been so unusually increased during these years, that they have never since been equalled. The effect on England was to unnaturally stimulate many manufactures. "But soon came the inevitable reaction. The vast amounts of borrowed capital were exhausted, and, instead of having a plethora of money to spend, all these countries had interest to pay; and the people being heavily taxed to pay this interest, their purchasing-power was diminished, and the demand for our goods suddenly fell off." These foreign loans being expended so largely unproductively in wars and extravagant uses, nothing remained as a permanent source of demand for England's goods, and so English exports declined, business became depressed, and men were left unemployed. In this chapter our author gets nearer the essential truth than in some other of his explanations of the 'bad times;' for the above conditions were not solely English, or true only of nations. Individuals and corporations were everywhere lending and consuming beyond all wisdom, out of all proportion to their real means of payment. After our civil war, that was what we were doing.

The other causes seem to be of value only so far as they lead up to the one already explained. From 1870 to 1884 "the expenditure of the six great powers of Europe has increased from £345,000,000 to £812,000,000, — an additional burden of £266,500,000 a year. The population of these six states is now a little over 260,000,000; so that they have to bear, on the average, an addition of taxation amounting to nearly a pound a head, or about five pounds for each family." As this has come about owing to wars, or preparations for war, it explains how the wealth has been consumed unproductively. The author also estimates that *seven millions* of men are involved in producing for this wasteful expenditure, and reminds us of 'John Bull and his island,' when he says that "the moral arguments against war would doubtless be more generally effective if it were clearly seen that always and everywhere its direct and necessary effect is to produce more

or less depression of trade." Seize an Englishman by his pocket, and you can convince his mind.

The flow of the rural population to the cities is pointed out as one of the causes of the great distress in the centres of population, because of the vastly greater competition for employment. Together with this movement he instances the fact that "from 1873 to 1884 the quantity of arable land in the country has decreased by considerably more than a million acres." These seem to be local causes, and have little effect on other nations; for they are probably the evidences of a re-adjustment of industries to new conditions, such, for example, as the great produce of American wheat districts. The ownership of land by great millionnaires, he argues, also works injury. In 1863-72 the fortunes above a quarter of a million were 162, but in 1873-82 they had increased to 208,—an increase of more than 30 per cent. But we do not regard these causes of general importance.

The book, in fact, only in its description of the evil effects consequent on speculation, and the mania for foreign loans, gets close at the real cause. But when he gets to his remedies, he does not hit very near the mark. As foreign loans, he thinks, are made chiefly for the glory of monarchs, and to aid in wars for the personal aggrandizement of ruling families, he would have England stand ready to aid the tax-payers in these borrowing countries whenever they revolt against the heavy taxation caused by the loans which they have had no share in spending. Speculative transactions he would discourage by high stamp-duties; and large fortunes should be prevented by a graduated income-tax. If our author were to extract the ever-springing sanguineness of human nature from the business-man, he would best prevent over-trading and the recurrence of periodic panics, but in scarcely any other way.
