
BAD TIMES.*

THE interpretation given by Mr. Wallace to the prevailing depression of trade is too near the truth to be so popular as any of the various opposing theories over which party politicians have contended. He goes to the root of the matter: it is a far more popular plan to strike at symptoms.

* "Bad Times: an essay on the present depression of trade, tracing it to its sources in enormous foreign loans, excessive war expendi-

He discloses the rottenness of what the multitude regard with fond admiration, the folly of what they regard as the essence of worldly wisdom, the essential weakness of what they regard as symbolical of might. We doubt if his book will be popular; but we are certain that it ought to be, if the many knew their own interests. We can understand that as an essay written in competition for the prize of one hundred pounds offered by the great advertising soap company, this essay (which in one chapter insists on the inherent vice of certain modern trading methods) would have no chance of success. But we are certain that nothing yet said about the depression of trade by politicians has been better worth close and careful study than what has been here advanced by an eminent naturalist,—the secret of whose success in dealing with his subject has been that he has applied to it the strictly scientific method.

Mr. Wallace rejects the popular explanations of the depression, without denying the influence which over-production, Protection as against British trade, Protection as injuring other countries, bad harvests, disturbances of the currency, and other such causes may have exerted. He urges the just objection that the influence of these causes does not synchronise with the progress of the depression which they have been called on to explain. They existed before it began, or started after it was already in progress. This objection is justified by the methods of scientific reasoning. The depression has been too definite in character, too marked in its rise, culmination, and in at least the beginning of its diminution, not to suggest that the cause or causes, whatever they may have been, must have originated and progressed *pari passu* with the effects.

Some at least of the causes suggested by Mr. Wallace have probably been much more potent in their influence than those commonly alleged.

In the first place he calls attention to the mischievous effects of great loans to foreign nations, and in particular to the more rotten sort of despotisms. During the years 1870-75 there was a mania for foreign Government loans, which England advanced to the tune of 260 millions, besides large sums advanced for foreign railways and other undertakings. In so far as such loans were directed to advance commercial projects their influence could not be bad. But the greater part of the Government loans, and no inconsiderable portion of the rest, went to strengthen the influence of despotisms and to supply means for the lavish expenditure of persons who care little how they squander money for which others will have to pay. For a time, doubtless, there was a sudden inflation of trade, though it required but a careful study of details to see that the growth of trade "by leaps and bounds," as Mr. Gladstone expressed it, implied no trustworthy progress. Shortly came the inevitable reaction. The money advanced had been in the main squandered. The interest—heavy or the advance would not have been obtained—had to be met by grinding taxes. The bulk of the foreign populations, on which we really rely for our foreign trade—the business supplied by the ruling bodies being by no means permanent—have been unable, owing to the pressure put upon them by the despotisms under which they groan, to be such good customers as they had been before.

Associating with the effect of foreign loans the influence of increased war expenditure, which we may

justly do when we consider in how large degree the loans have been raised to meet or to anticipate military expenses, we have only to consider the increasing annual expenses of the principal European countries, to see how seriously the moneys raised by loans are in the first place needed, and in the second place squandered,—for all abnormal increase of expenditure may safely be regarded as implying corresponding waste:—

Our own annual expenditure increased between 1870 and 1884, from 75 to 87 millions, or 16 per cent. This, being less than the increase of our population in the time may be regarded as reasonable, the real trouble with us being not the rate of increase during the last fifteen years, but the already high revenue raised before that time for purposes not wholly beneficial to the nation at large. So far as our revenue has been concerned—and fortunately with us revenue and expenditure correspond pretty closely—we may be content; the results observed are not unworthy of a free nation and a civilised community. But turn now to foreign continental nations, and we find results which cannot but be considered as discreditable to the rulers of the nations concerned as they have been mischievous to the subject peoples directly, and indirectly to ourselves. The annual expenditure of Austria has increased from £55,000,000 to £94,000,000, or 71 per cent.; that of France from £85,000,000 to £142,500,000, or 68 per cent.; that of Germany from £54,000,000 to £112,500,000, or 108 per cent.; that of Italy from £40,000,000 to £61,500,000, or 54 per cent.; and that of Russia from £66,000,000 to £114,500,000, or 74 per cent. The increase of the expenditure of the five chief continental powers has been from £270,000,000 to £525,000,000, or no less than £255,000,000 per annum, or considerably more than £1 per head of the population. The State taxation has nearly doubled, and local taxation has in many cases increased in yet greater degree. Can we wonder if the populations of those countries are less profitable customers than they formerly were?

There is this further mischief, that by having so much British money invested in these foreign loans, applied partly in ways altogether alien to our own ideas of what is right and just, it becomes our interest to support the Governments of those countries as against their peoples, from whom alone the interest of our loans can be raised. When this consideration is extended to certain Governments which are not partly but wholly and absolutely iniquitous, we recognise still more disastrous effects from our undue readiness to advance money to every foreign nation ready to offer a sufficiently high rate of interest,—or in other words ready to afford sufficiently obvious evidence of unworthiness.

Military expenditures in themselves present a most painful subject for study: but it seems idle in the present condition of the human race, even in communities regarding themselves as cultured, to dwell on the melancholy spectacle of the energies devoted by races claiming to be not only civilised but religious, on the business of destruction. Viewed from outside, as by an inhabitant of another planet, many of the leading nations of the earth seem to regard the human race as most nobly employed in striving to destroy itself off the face of the earth. That the rapid growth of armies and armaments on the continent of Europe, since the wars by which Germany has of late acquired an unenviable reputation for able savagery, has had much to do with recent commercial depression, no one can deny who considers the utterly unfruitful character of even the work of production as applied to warlike preparations.

Rural depopulation which Mr. Wallace regards as a cause, seems to us to be more appropriately viewed as an effect of commercial depression. It acts doubtless, as all effects act, in turn, as a cause. But it began with the falling off in trade, of which it was a direct effect. How it operates, however, let it have been brought about as it will, may be seen when we note that the importation of bacon and pork rose from 863,000 cwt. in 1870 to 5,007,000 cwt. in 1883; potatoes from 127,000 cwt. to 4,034,000 cwt., and eggs from 430 millions to 814 millions. Unfortunately such results as these, rightly apprehended, tend to show how long-lasting must be the effects of such depression as has affected our trade during the last ten years. The rural population, driven into the cities by want, will not be restored to rural districts when commerce begins to revive.

In regard to agricultural depression and its causes, Mr. Wallace is in favour of small holdings free from risk of change. He holds with Mr. Barclay that with continuity of occupation and fair rents fixed for long periods and never to be raised on account of improvements effected by the occupier, our land is capable of well repaying the expenditure of labour and capital in its cultivation. The trouble is, that if rents are to be fixed for long periods, the determination of the amount becomes a matter of speculation: and there must inevitably be serious loss either to the tenant or to the landlord in a great number of cases. This may be a less serious mischief than the trouble arising from the unwillingness of the tenant to introduce improvements for which he will eventually have to pay an increased rent, or from the readiness of too many landlords to take to themselves the profits which the tenant is justly entitled to obtain from his own improvements. The whole subject is full of difficulties; and unfortunately the method which seems suggested as the only fair way of meeting the chief difficulty, *i.e.*, enabling all who will to become purchasers of land in perpetuity, at reasonable rates, savours too much of communism to commend itself to general approval. Legislative enactments have proved too often delusive, if not injurious, to be regarded as hopeful means for improving the state of affairs. But the mischief is serious and pressing. So long as a few wealthy landholders have absolute command over a large proportion of the land available for agricultural purposes, with rentals so large as to be free (if they prefer it) to convert crop lands to grass lands, or even grass lands to waste, there will be an ever-growing feeling that there is wrong done to the many. It is manifestly no longer a sound answer to say that because it is the interest of every great landowner to make the best use of his land, room will always be found for a rural population. This is no more true than the argument that slavery is on the whole beneficial because it is the interest of the owners to treat their slaves well. A man who might obtain £200,000 a year from agricultural tenantry on the larger portion of his land, may prefer to sacrifice half this amount in order to have the best portion of his estates free from all signs of agricultural labour. He may regard the money so lost as money devoted to his own special gratification, and the satisfaction accruing to himself as worth the sacrifice. Many certainly do so view the question; and though when this purely selfish way of considering the matter is pushed to an extreme point, as by a wealthy American *parvenu* now dishonouring the old country (and his own) by his presence among us, the community is disgusted, it may be feared that the less obviously displeasing examples afforded by many of our own large

landholders are not viewed with the disapproval they merit.

Mr. Wallace considers the existence of millionaires in increasing numbers as among the causes of the general depression of trade. We have here a cause corresponding in some degree in character to the last. The man who has made an immense property by trade (for millionaires of this class are chiefly to be considered, as the only body greatly increasing at present) has free power to use his property as he will, to let it lie idle if he so pleases, to use it in trade with power to wait always for the most profitable markets and to take fullest advantage of the necessities of the many with whom he has to deal, and in other ways to affect mischievously the general progress of trade, either at his own cost (which he can easily afford) or at the expense of others. It cannot be doubted that many millionaires in this country, and still more in America, do thus check the diffusion of wealth; while further by the amount of money devoted to pleasures or luxuries they diminish, directly and indirectly, the amount available for the consumption of the necessaries and comforts of life, and thus seriously help to bring about and extend the depression of trade.

Mr. Wallace dwells justly on the mischievous increase of speculation and finance. It would be difficult to say of how many millions the middle and lower classes of the community in this and other countries are annually robbed, through the temptations held out by the financiers of bubble companies. The effects of the "Limited Liability Act" intended to save those classes from ruin through speculative investments, illustrate admirably Mr. Spencer's argument against legislative interference; for so far from diminishing the evils it was intended to prevent, the Act has intensified them a hundredfold. And if the Act be now repealed hundreds of innocent persons, as well as promoters, directors, and other agents for swindling companies, will suffer from the change. There can be no doubt, however, that mischievous though some of the effects of the repeal of this unwise Act would probably be, they are not to be compared with the mischievous effects resulting from the maintenance of the law unchanged. Hundreds of thousands have been ruined by this piece of so-called protective legislation.

That lastly trade has suffered seriously from adulteration and dishonesty no one can doubt, though this particular cause is by no means new. Builders and contractors were many of them rascals in Norman days, as our old cathedrals testify; and we cannot wonder if among the representatives of British trade to-day are many dishonest men. The adulterator asserts that there is a demand for his villanous merchandise; but possibly if he were obliged to describe his commodities as they actually are, he might not find a very great demand for them. Goods marked "Calico, 90 per cent. China-clay, lime, and size"; "dyed calicoes, warranted not to stand one washing"; "wool, four-fifths shoddy"; "silks, 50 per cent. dye stuff"; "cutlery, warranted not to cut," and so forth,—would possibly not have the satisfactory sale obtained when, as now, the same goods are called "superfine," "all wool," "best Sheffield steel," and so forth.

That in other countries, and especially in America, protection has had much to do with trade depression is no doubt true; but we have enough within our own control to which we may attribute the badness of the times without looking outside, or endeavouring to set matters right by injuring ourselves further through retaliatory tariffs.