

Transcription, April 2021:

*New York Herald* No. 18007 (10 December 1885): 6a-6b. (anon.).

[p. 6]

‘The Misery in British Trade. Alfred Russel Wallace’s Analysis of Causes and Remedies. The Seven Cardinal Sins. A Million Irish Emigrants, and Five Hundred Thousand Acres Gone to Bog. Why the United States Suffer Likewise.’

Mr. Alfred Russel Wallace’s essay on the present depression of trade, which he entitles “Bad Times” (just published by Macmillan & Co.), largely applies to America as well as to Europe. Indeed, one of the chapters, styled “The Wide Area of Depression,” is mainly devoted to the commercial stagnation in our country, and to considering how many of the causes of the trouble in England operate in the United States, and in what degree, and what other causes co-operate here. The eminent position the author holds in English literature, and the universally acknowledged fairness of mind displayed in his treatises on scientific topics, will insure an earnest and exhaustive reading of this essay even among those who will be surprised by what they may deem a sudden incursion of Mr. Wallace into the field of political economy. But though the incursion may be sudden the field is not a new one to him. As he remarks in the preface, he “is not taking up a new and unfamiliar subject, but is returning with a wider experience and more matured judgment, to one which occupied much of his attention during the best years of his early life.”

The main causes of the depression of English trade, according to Mr. Wallace, are seven in number.

#### THE REACTION OF FOREIGN LOANS.

1. The profuse and indiscriminate loans made by English capitalists to the governments of foreign countries, including Egypt, Turkey, Russia, Austria, Italy and Spain, in Europe; Brazil, Peru, Chile, Paraguay and the Argentine Republic in South America; Costa Rica, Honduras, Guatemala, Mexico and the United States in North and Central America; Japan in Asia and the British colonies all over the globe.

During the five years 1870-75 they lent to foreign governments £260,000,000. And to these loans must be added the vast sums invested by them in railways and other industrial enterprises in every part of the globe. British trade became thereby feverishly expanded. The entire range of British manufactures felt the influence by the extravagant demands made for them from the foreign countries into which the loans were poured. British exports culminated in 1872 under this high pressure and never since have touched the mark they then reached.

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 foreign countries had interest to pay, and, the people being heavily taxed to pay this interest, their purchasing power was diminished and the demand for British suddenly fell off. And this cause has in it an element of permanence, because so large a part of these foreign loans was expended unproductively by the borrowers.

#### WAR EXPENDITURES.

2. The increase of the general war expenditure of Europe. The officers and men of the standing armies and navies of Europe are estimated to number 3,687,706, and the increase on the peace establishments of 1870 is computed at 630,000. They almost all are men in the prime of life. And to the labor thus withdrawn from productive industry is to be added that of those who supply the munitions of war. “We may fairly estimate that the military preparedness of modern Europe involves a total loss to the community of the labor of about seven millions of men.” The taxation for this unprofitable expenditure has increased in even greater proportion, owing in large part to the elaboration of the engines of warfare. For the six “Great Powers” of Europe it was £345,000,000 for the peace establishments of 1870. In 1884 it amounted to £612,000,000. “The population of these six States is now a little over 269,000,000, so that they have to bear on the average an addition of taxation amounting to nearly a pound per head, or about five pounds for each family.” To all this is to be

added the destruction of property in hostilities and the impairment or loss of human and animal life, both of combatants and of non-combatants, by slaughter, disease and famine.

#### RURAL DEPOPULATION.

3. Rural depopulation. Mr. Wallace computes, from elaborate statistics, that “nearly two million people have, in the short space of ten years, been forced by the struggle for existence to leave the country for the towns,” and that their producing power has been vastly diminished by the change. For proofs of this diminution he cites the enormous increase of imports of foreign food products, comparing the years 1870 and 1883. Those of bacon and pork increased nearly sevenfold; of potatoes, more than thirty fold, and of eggs nearly two fold. “Again, large numbers of these immigrants become pauperized, wear only second hand clothing and almost entirely cease to be customers for manufactured goods, so that the loss to the staple manufactures of the country is very great.” Still further, this invasion of labor from the country has increased the competition among laborers in the towns, “resulting in a continuous lowering of wages, and necessarily in greater poverty.”

In connection with this topic Mr. Wallace discusses at some length “the influence of the depopulation of Ireland.” The emigration from Ireland since 1870 has been 833,000. “These emigrants are mostly adults, chiefly men in the prime of life, and often of a rather superior class, so that they represent a loss to the country, both as producers and as consumers, of perhaps double the number of the average population. The effective loss to Ireland is therefore more nearly represented by a decreased population of a million and a half.” Meanwhile “the amount expended in relief of the poor, which in 1870 was £814,445, in 1883 reached £1,263,758, and this, be it remembered, with a decreasing population. These alarming facts render it certain that for the last twelve years Ireland has been becoming poorer and poorer and less able to consume our manufacture goods.”

#### BAD SEASONS AND BAD LAND SYSTEM.

4. The agricultural depression occasioned by bad seasons, but still more by a bad land system. Since 1870 there have been in Great Britain eleven harvests under the average yield, and only three above it. Mr. Wallace estimates the loss in the English grain crops, less the gain on grass and green crops, for the ten years 1875-1884 at £35,000,000. As to farmers’ rents, they were increased 27.3 per cent between 1853 and 1877, and the subsequent reductions have been “only 9 1/2 per cent and remissions 4 per cent.” These high rents have absorbed so much of the farmers’ capital (as well as of their profits) that at the present time it is believed to be not more than £4 per acre, whereas £8 or £10 are essential to good cultivation. Besides the result of throwing into pasture vast quantities of land heretofore carefully tilled a great number of farms now are lying absolutely waste and uncultivated. “It is the opinion of the most intelligent farmers that no such agricultural distress as now exists would have occurred had the tenant been really able to make a free contract with his landlord. But he has always been in the position of having a large amount of his capital sunk in the land, for which, in the event of his quitting his holding, he could obtain no adequate compensation.” The bad land system, much more than the bad seasons, “has in its results impoverished farmers, pauperized laborers, and diminished the production of food, and all this on such a vast scale as to constitute by itself a sufficient cause for a considerable amount of commercial depression.” In Ireland, between 1872 and 1882, not only did land under crops diminish by 291,410 acres, but land under grass also diminished by 166,520 acres, the balance being now made up by “bog, waste, &c.,” which increased by 457,930 acres.

#### MILLIONNAIRES.

5. The rapid increase in the number of millionnaires. “Whenever the few rapidly accumulate excessive wealth the many must necessarily become comparatively poorer.” There is really no means of accumulating disproportionate wealth but by obtaining in some way or other a disproportionate share of the annual produces of industry. “Hence the increase of millionnaires involves merely a change in the fixed store of wealth which the workers of the nation annually create, and therefore many must be inevitably poorer than if these great fortunes had not been created.” Though the incomes of millionnaires may all be spent, the money is spent in a very different way from what it would be were it added to the incomes of numerous families of small or moderate means. “The more wealth is diffused the more steady and constant will be the demand for our staple manufactures;” and

Mr. Wallace cites curious statistics which prove that the labor employed in producing articles of luxury in England has increased since 1871 in a vastly greater ratio than that employed in industries which supply the common articles of clothing and food.

6. The increase of speculation, both as a profession and by the outside public with a hope of adding to their means. In the ten years 1871-81 the number of so-called bankers and bankers' clerks in England increased 35 per cent; of accountants, 20 per cent, and of persons who styled themselves "occupied in insurance," nearly 200 per cent, and joint stock companies were organized at the rate of more than 1,000 a year and are still multiplying. The number organized in 1883 was 1,634, with a nominal capital of more than £167,000,000. The whole number formed under the Limited Liability acts exceeds 20,000, and of these more than 12,000 have exploded or been otherwise wound up. A great majority of them have been swindles. "Almost every one of the 12,000 wound up companies has brought poverty and sorrow into its hundreds or thousands of middle class homes." A myriad of families have thereby been compelled to economize, and the economy mainly consists in "a diminished consumption of staple manufactures, such as furniture, carpets, household linen and clothing." No doubt the speculators and others who gain what these people have lost spend more than before; but not only are they fewer in number, but there is a tendency for money gained in speculation to be spent on wasteful luxuries rather than on the ordinary comforts and decencies of life, and thus the effect is exactly the same as in the case of millionnaires as opposed to people of moderate incomes.

#### ADULTERATION OF GOODS.

7. "There can be little doubt," says Mr. Wallace, "that the comparatively recent extension of the various modes of adulteration and inferiority of manufacture have prejudicially affected our reputation as honest manufacturers and diminished the demand for our goods." He cites examples of the methods of adulteration and of its effects, and among the latter he says in reference to the British colonies:—"The Sheffield hardware exported to them has long been so bad that it is now almost wholly superseded by American goods, which are said to be much superior, and I am informed by two separate authorities that no colonial workman will use an English tool if he can get one of American manufacture. American cottons also are generally preferred to ours in the colonies."

#### THE UNITED STATES OF AMERICA.

These are Mr. Wallace's seven causes. We have not space to enumerate the remedial measures he suggests, nor to describe at any length how far he thinks that some of these causes are operating potently in like manner to depress trade in the United States. Our country does not suffer from a collapse incident to reckless foreign loans, nor from a ruinous military and naval establishment; "but nowhere in the world," declares Mr. Wallace, "have colossal fortunes, rabid speculation and great monopolies reached so portentous a magnitude, or exerted so pernicious an influence. America also suffers under a burden of municipal debt far beyond any other country. When we remember the revelations as to organized plunder that went on for years by the ring that had monopolized the municipal government of New York, we may fairly assume that a considerable portion of the municipal debts of America does not represent useful public works or reproductive expenditure, but has largely been wasted in various forms of jobbery. Adding this burden to the heavy State taxation; taking into account the exorbitant prices of most of the necessaries of life, due to the protective system; the wide prevalence of speculation not only on the Stock Exchange, but as manifested by the 'rings' and 'corners' in every department of commerce; the huge railroad monopolies, and the colossal fortunes of American millionnaires—we have ample reasons why the depression should have been felt in America as severely as by us."

#### IN CONCLUSION.

"The ties of commerce unite nations alike for good and evil, and render the prosperity of each dependent on the equal prosperity of all the rest. When this great truth is well understood it may, perhaps, become the peacemaker of the world."