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,* 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, 

as causes of depression, is evident when we remember that the depres-
sion 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 other-
wise diminishes the purchasing power of some considerable body of our cus-
tomers; and further, that 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 per-
manently 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.