

INFLUENCE OF RECENT GOLD DISCOVERIES ON PRICES.

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The general rise in the prices of commodities in the old as well as the new world, within the last four or five years, is one of the most striking and important economic phenomena of the present century.

June, 1848—the date of the first discovery of gold on the Sacramento River in California—may be taken as the commencement of the era of high prices. California and Australia, when they became the centres of cheap gold for the world, became of necessity, at the same time, the centres of high prices. From these centres the tide of gold has flowed over the civilized world in all directions, and wherever it has flowed it has raised in a greater or less degree the level of prices.

Looking to the statistics of prices for the sixty years preceding 1848, we find that the former half of that period is marked by a high, and the latter half, say from 1819 to 1848, by a low level of prices. The causes, however, which kept up a high range of prices during the thirty years preceding 1819, will, I think, be found to differ in some essential features, from those which, since 1848, have operated to produce a similar result.

In the former period, the high prices (as Tooke has conclusively proved in his elaborate work on the History of Prices,) were due to the combined effects of the great war in which Europe was then involved and of a series of unfavourable seasons. Whereas the general advance of prices since 1848, although no doubt in some degree intensified by the recent war and by other causes, is, as I hope to shew, mainly due to the unparalleled influx of the precious metals from California and Australia into Europe and the rest of the civilized world, and to other causes more or less intimately connected with and growing out of the gold discoveries in those countries. That these discoveries are destined to bring about not only great economic and commercial changes, but also materially to affect the social, political, and moral condition of the world, cannot, I think, be questioned. As to the general bearing of these various changes on the well-being and happiness of mankind, thinking men indeed entertain widely