

had increased by nearly twelve millions of dollars in 1875 over 1874, concurrently with a considerable decrease in the circulation. It must likewise be borne in mind that the aggregate Bank capital in Ontario and Quebec has been reduced since 1875 by nearly seven millions of dollars. There can be no dispute as to the fact that at the present moment the banks are in a much stronger position than in 1875, but the great increase both in circulation and deposits is a cause for anxiety. There has been a considerable amount of money brought into the country, and it is said that the deposits in Manitoba are very large. It is rather misleading to give the item of \$15,794,008 as "due from banks in the United States." In point of fact, the figures represent loans made in the United States by Canadian banks. They are probably as a rule call loans, and they may fairly be looked on as available assets, but they are not debts due by United States banks. We doubt whether the allegation that several million more dollars are required in 1882 than in 1875 by the manufacturers of grey and white cottons is calculated to allay the anxiety. With regard to a crisis, it is to be hoped that prices of commodities have not gone up much beyond their nominal rates, but be that as it may, the real danger to be apprehended is that there may be an inflation of prices throughout the world, the reaction from which will produce the same catastrophe as in the six years commencing with the Fall of 1873.

SKETCHES OF THE LATE DEPRESSION.

The above is the title of a work by Mr. Wm. Wickliffe Johnson, manager for Messrs. Dun, Wiman & Co., and although in our judgment open to some criticism, which we shall venture to offer in a most friendly spirit, it is well deserving of general perusal. Much of the work is taken up with a synoptical review of leading trades, which cannot fail to be interesting. In treating of the "cause, effect and lessons" of the late depression we venture to think that our author has taken that narrow view of his subject which is generally accepted throughout the Dominion, and which is sedulously inculcated by an influential portion of the press. It really might be inferred from the tone of the Canadian press that the Dominion had been visited during a period of nearly six years by a fatal epidemic which completely baffled the skill of the state physicians, but which was speedily banished when the patient was placed in the hands of more experienced practitioners. In the work before us the causes of the depression

are ascribed solely to local influences, and advice is given which, though in general good, would be of little value should there be a repetition of the causes which really produced the depression throughout the world. In our judgment, it is of much greater importance at the present time to give our best attention to the causes of the inflation which preceded and led to the depression, than to the depression itself. It is rather a remarkable fact that in the last year of the depression, 1879, the prices of those leading commodities which our most experienced statisticians have taken as an index of general prices closely approximated to the average at a period preceding that of the inflation.

We may take the present opportunity of noticing the recent death of a very able man, who had contributed during a long period most valuable information on the subject which we are now treating. We refer, of course, to Wm. Newmarch, who was associated with the late Thomas Tooke in completing his valuable works on the "History of Prices," and who, up to the time of his last illness, was a constant contributor of papers, or of comments on papers to the Royal Statistical Society of London. We believe that Mr. Wickliffe Johnson might study Mr. Newmarch's works with advantage, and we believe that we shall render good service at the present time by giving that learned gentleman's opinions as to the cause of the inflation, which came to so sad a termination in 1873. The paper from which we quote was read before the Statistical Society, 21st May, 1878, and in it the author undertakes to answer the question: "How does it happen that in this country there has been a state of commercial and industrial distress during the four and a half years which have elapsed since the close of 1873, and that a condition of things, the same in character but worse in degree, has prevailed during the same period in Germany, Austria, France, the United States and Canada?" The answer to this question is the enumeration of the following 8 causes:

"1. The first and the most powerful of these causes was the Franco-German war (August, 1870—April, 1871), the payment of the indemnity of 220 millions sterling by France to Germany, and the entrance of Austria, Hungary and Italy upon a newer, freer and more enterprising national life. The suspension for a year of a large part of the industrial production of the belligerent countries brought them impetuously into the markets of the world—and especially into the English market—as soon as peace was assured; creating a demand greatly beyond the capacity of the then existing means of supply available at the moment. Hence arose the impetuosity with which in 1871-72 demand urged on production, especially in the instrumental articles of coal and iron.

"2. The mania in the United States for building railways (1868-73), and the consequent large transfers of native and foreign capital from

floating securities into fixed investments, operated in the same way, and in the same direction, as the demand from the War regions in central Europe; and in the United States was aggravated by a bad paper currency, by bad protectionist laws, and by abuses of the most flagrant and scandalous kind in the administration of the entire railway system. It is also to be borne in mind that both in North America and central Europe, the prevalence of devastating wars since 1860 has destroyed and prevented the usual accumulations of capital arising from successful enterprise and frugality, and from the increase of skill and diligence in the great bulk of the people.

"3. During the same period (1868-73), Russia strained all its resources and all its credit in pursuit of a similar policy of railway, road and navigation extension.

"4. The opening of the Suez Canal at the end of 1869 created, during 1870-73, an urgent demand for a large fleet of steam vessels adapted to the new Indian route; and what is more, so altered and affected many of the existing modes and channels of business, as to create mischief and confusion among the parties engaged in them. These disarrangements of former channels and methods of commerce have been greatly intensified by the completion since 1868 of telegraphic systems between all parts of the world, not excluding China, Australia, and both sides of South America.

"5. The rapid rise of prices and wages (1871-73) threw large systems of production entirely off their balance. More expenditure and less work took the place of frugality and diligence, and the acquirement of riches seemed to have become all at once so easy that the old virtues of diligence, skill and patience could be laid aside both by men and masters.

"6. During the three excited or prosperous years, 1871-73, there was a rapid rise in this country and over Central Europe and North America in the *Cost of Production*, occasioned by the less amount of work given by the operative classes for augmented wages; by the shortened hours of labor and the consequent diminished productiveness of all fixed machinery and plant, and by the adoption of new laws for regulating and in effect for lessening labour, as, for example, the Mines and Workshops Regulation Acts in this country. For three years, 1871-73, the industrial world went on holiday, less and worse work was given for higher and higher wages; and then in every country there came a collapse, because the laws of nature could be no longer violated by a wholesale and conscientious neglect of diligence, frugality, and intelligent labour zealously applied.

"7. In the United Kingdom there has been, since 1873, three years most unfavourable to almost all the classes engaged in the greatest of all our domestic industries—Agriculture. Grain, root, and hay crops have been bad. Cattle disease has not only prevented profits, but has destroyed very large amounts of capital; and the result is a degree of distress throughout all the farming interest greater than has been known for a long period. As a consequence of these calamities, the price of bread and potatoes to the working classes has been, during 1873-77, not less than 12 or 14 per cent. (that is, say 3s. in every 20s. of expenditure in these articles) higher than during 1869-71, and remembering that it is the extra shillings set free by the lower cost of weekly living, which, diffused among 25 millions of persons, constitutes the effective demand for the great bulk of manufactured articles, it is not difficult to trace the cause of a large part of the distress in the industrial towns and districts.

"8. Since the early part of 1876, the entire commerce of the world has been and is held in suspense by apprehensions excited by the political events of the war in South Eastern Europe; and the difficulties still expected to arise out of the defeat of Turkey; and to this special cause of disturbed industry must be added the famine of 1877 in a large part of India."

It is not a little singular, in view of our modern Canadian history, that Mr. New-