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CAUSES THAT PRODUCED THE CRISIS IN 1857,  
CONSIDERED.

The next point we wish to consider relates to the effect of paper money on prices, and it is found in an article from Mr. Walker, published in the September number of this Magazine for 1857. He assumes that paper money inflates the prices of all articles, and also the prices of wages, but not the latter so much as the former, and consequently the laborer is especially injured by a mixed currency, and that this injury has been felt with peculiar force in the United States, by the working of our currency system.

One of the most difficult problems in political economy is that of determining the cause of the variations in the prices both of labor and of property. So far as the prices of labor is concerned, the question is a very different one with us from what it is in Europe; and it is a very different one now in Great Britain from what it was a century, or even half a century, ago. With us labor is an independent power; formerly in Europe it was a machine. It was treated as such in fact, and in the theories of political economy. It had but little more voice in the compensation it was to receive than the steam engine had in regard to the amount of fuel which should be used in running it. Generally it was for the interest of the owner of the engine to expend upon it fuel enough to develop its full power; so it was for the interest of the capitalists to pay their labor sufficient at least to sustain its bodily strength. In this country labor is *power*, in a measure independent and self-controlling. It meets capital and negotiates it on common ground. If the price offered is not satisfactory, it has an *alternative* in our vast and almost exhaustless public domain. In considering this question we shall have more regard to facts than to the theories laid down in books.