

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 different views: while many see in the consequences of the gold discoveries nothing but unmixed good; a few, including among their number the ingenious and acute De Quincey, look more than doubtfully to the future, and seem disposed to believe that it had been better for the world if the gold nuggets had remained for ever buried in the bowels of the earth.

Into the large and tempting field of enquiry which the discussion of the probable moral and social results of the modern gold-discoveries would carry us, it is not my design to enter. I shall confine myself exclusively to the economic bearings of the discoveries; and consider only the effect of those discoveries on the prices of commodities. This indeed is only one (doubtless the most important) of the many interesting phases which the subject presents, considered in an economic point of view.

Strange as it may appear, this subject, although practical and important, has not hitherto received any considerable share of public attention, or been discussed on general principles and with reference to the admitted truths of Political Economy.*

To connect the gold discoveries and high prices together as cause and effect, and to indicate the process by which the rise in prices has been brought about, as well as the probable permanency of their present level, are the principal objects of the present paper.

It can hardly, I conceive, be necessary to adduce elaborate statistics to establish the fact assumed as the ground work of my remarks—that the general level of prices on this continent and in Great Britain as well as in California and Australia has within the last six or eight years been considerably raised.

The extraordinary advancement of the prices of the necessities of life, and of the wages of labour, in the two countries last mentioned, immediately after the first discovery of their mineral treasures, is yet fresh in the recollection of us all. The influence of the golden tide, which then began to set in from those remote lands to Great Britain and the States, soon also made itself apparent in the latter countries.

To what causes, then, is this phenomenon due? I answer—firstly, and chiefly, to the gold discoveries; secondly, and in lesser degree, to the war, and other local and temporary causes.

It is with the former of these cases only that we have now to do. Before entering, however, on a discussion as to the degree of influence or mode of

* Sterling's work on "Gold Discoveries," to which frequent reference is made in subsequent parts of this paper, is certainly an exception to this remark. I may add that I had not seen this work until a large portion of this article had been written.