

WHAT CAUSED THE COMMERCIAL CRISIS?

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I HAVE been asked to set forth my views as to the causes which led up to the general commercial crisis and bank panic that occurred here on the 10th of December, 1894, which I shall do as succinctly as the complicated nature of the subject permits. I shall discriminate between the bank failures and the commercial collapse, because, although both these events are intimately connected, and both culminated at the same time, they are in themselves essentially different, and but for purely accidental circumstances would not have occurred together.

1. *As to the Commercial Crisis*; which lay behind the Bank failures, and which, while it was the substantial cause of them, only came to light as a consequence of the latter.

The history of the decline and fall of the Fishery Supplying trade in Newfoundland is not of yesterday, and the causes which gradually led up to it extend over many years. Before examining these causes in detail I wish to be emphatic on the point that the decay of the Supplying System, and that alone, is responsible for the general commercial crisis we are now considering. To persons outside of this Colony not conversant with the peculiarities of our commerce it might suggest itself that our fisheries had failed, that our land crops were unfruitful, that the relation sustained to the Fishery or Supplying business by other trade interests, or by other class interests, might have been responsible, in whole or in part, for the general collapse. But except in so far as the latter were indirectly dependent upon the success of the general Fishery trade, they were not affected, and did not affect it.

I start out with the general theory that the Supplying System as a mode of carrying on the Fisheries is inherently, and in itself, *an unsound system of doing business*. Here I do not propose to discuss the evidence of its unsoundness. I have recently done so elsewhere. But there was a time in the history of this Colony when the Supplying System might have been conducted with commercial success. I consider