

Prices since 1820.

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the field and the factory into the army or navy and to create a large demand for certain articles of war consumption. Both those effects of war conduce directly to relative scarcity and therefore the enhancement of prices. From those causes it comes to pass that of the last seven decades—excepting only that of 1820-29—this one (1850-69) has been distinguished by a very high range of prices. The year 1850 showed an important recovery from the depression incident to the panic of 1857; and at the conclusion of our civil war the average of commercial values had risen to 105. The relief consequent upon peace in this country, however, served as a material counteraction of the inflating effects of hostilities in Europe, and after 1861 the average range declined to 98 in 1869. The average of prices in the whole of this pre-eminently military decade was 101.

The next decade (1870-79) opened with the great military struggle between Germany and France—an event directly conducive to restraint of production in the two leading industrial nations in Continental Europe. In 1870 prices had fallen 4 point below Mr. Sauerbeck's par; but in 1873 the average had risen to 111, or 15 points above the range of 1870. The culmination of the previous decade of military devastation, together with our great railroad inflation which created 80,000 miles of road within five years, had prepared the way for the great explosion of abnormal conditions which found expression first in this city in 1873, and then sympathetically in every commercial and financial center throughout the world. From that period dates the most remarkable decline in prices that has occurred within this pre-eminently commercial century. Within the six years following the '73 panic, prices declined steadily from 111 to 83—a fall of 28 points.

Judging from antecedent experience, it might have been expected that such an extreme fall would be followed by an upward reaction. For a brief period and to a moderate extent this was the case. The decade 1880-89 opened with generally sound conditions. Five years of conservatism had produced large accumulations of wealth in Europe, and especially in England and Germany extraordinary efforts were made to foster commercial expansion in all parts of the world. In this country similar influences had been at work to which was superadded the resumption of specie payments, with a consequent universal strengthening of public confidence. Under these stimuli we rushed into another craze of railway speculation and within the four years 1880 to 1883, inclusive, added 35,000 miles to our system of roads. During these years prices averaged respectively 83, 85, 84 and 82. This over-doing developed its consequence in the panic of 1884, when prices fell to 76; from which point with some slight oscillations they have declined to 68 in 1892 and 1893.

The most suggestive feature in Sauerbeck's chart is the almost unbroken descent in prices for the last twenty years. The fall is so persistent, so unusual in extent, and extends over so long a period, as to unmistakably suggest the operation of causes which had previously had no effect upon values. Wars were undoubtedly the most active factors causing the oscillations in prices up to 1873, and the last twenty years of comparative exemption from war influences may be supposed by some to account for this steady decline in values. But that conclusion is largely invalidated by the fact that, during this period the world has been so burthened by an increase in armed forces and in naval and military expenditures that the armed peace has proved almost as effective in arresting production as actual warfare would have been. As, by a historic coincidence, the be-

ginning of this decline in prices dates from the period when the Latin Union countries ceased to coin silver, it will no doubt be maintained, by the friends of that metal, that the downward course of values is directly and mainly the effect of what they falsely designate "the demonetization of silver." The misfortune of their reasoning is, however, that they are unable to show that, although the Latin Union nations have suspended the coinage of this metal, it is less used for monetary purposes than it was twenty years ago. Although Europe has almost ceased to coin silver, yet its silver circulation has not been on the whole diminished, whilst the amount appropriated in this country to money purposes has largely exceeded what Europe had been accustomed to take for coinage. As, therefore, there has been no decrease in the world's progressive accretions of silver money and as nearly the whole stock has the same home purchasing power as it had before the so-called "demonetization," this factor is not to be accepted as at all explanatory of this great decline in prices.

We are unable to find any rational or sufficient explanation of this phenomenon except in the fact that the recent inventions in motive power and in labor-saving machines have so cheapened the costs of production and so augmented the productive plant of the world as to exceed the capacity for consumption at the former scale of prices. We have frequently had occasion to cite evidences of this disproportion between both productive capacity and actual production, on the one hand, and the purchasing ability of consumers on the other, and therefore need not now further elucidate the point, except to suggest that the extraordinary fall in prices is but a natural process of adjusting the disparity between the respective capacities of production and consumption. The relative increase of production has called for lower prices, and the great fall in prices demonstrates a corresponding excess of supply over demand.

The foregoing data show a very extraordinary decline in prices within the last twenty years. From an average of 111 in 1873 there has been on almost unremittent fall to 68 in 1893, or a descent of 43 points. What has been the correlative course of wages? Mr. David A. Wells, in his notable work "Recent Economic Changes," demonstrates that in Great Britain the income of the manual labor classes has gone up from £171,000,000 in 1843 to £350,000,000, or at the rate of 220 per cent., while their numbers have increased only 30 per cent. during the interval. Or, to take a more recent experience in the United States, the last census shows that the average annual earnings of labor in 71 cities in 1890 amounted to \$512 per head, while in 1880 the average in the same cities was only \$385, an increase in the ten years of 40 per cent.; and yet, within the same decade, there was a decline in prices of 16 per cent.

Rapidly rising wages along with rapidly falling prices form the basis of the persistent demand for higher pay, by which labor is obstructing industry and thereby throwing large masses of the lower grades of workmen out of employment. Reasonable men must see that this sort of pressure may easily be carried to an extent that will force a reaction upon its authors. For a long period the proportion of gain accruing to labor, from the co-partnership of labor and capital, has been fast increasing, while that falling to capital has been diminishing. If that drift runs too far, it can only result in a diminished employment of capital, and with that must come a reduced demand for labor, the general result being a check upon the national growth and wealth.

Christopher W. Bunting, manager of the Toronto Mail and Empire, died on Jan. 14 after several weeks illness of Bright's disease. Deceased was fifty-eight years of age. He

was born in Ireland, came to Canada when a lad and learned the printing trade in the Globe office. He was in the wholesale grocery and other business for some years and in 1878 became manager of the Mail.

The Province, a weekly literary paper published at Victoria, British Columbia, has published a calendar containing a colored map of the province, showing electoral divisions, etc.

Distillers of Bourbon whisky in the United States are complaining they are confronted with a stock in hand estimated at 80,000,000 gallons, while the production for the current year is placed at 23,000,000 to 25,000,000 gallons. Withdrawals from bonds indicate a consumption of about 15,000,000 gallons. This condition of affairs has caused the cutting of prices and general demoralization. Demand for Bourbon whisky is on the decline.

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