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FLUCTUATIONS
1800-1914

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A Historical Survey of Economic Fluctuations,
1800 - 1914.

by
Geoffrey Gilroy

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GEOFFREY GILROY

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This survey, which is primarily concerned with Great Britain, presents various accounts and explanations of the economic fluctuations experienced between the years 1800 and 1914. Quotations from annual reviews, periodicals and a few histories make up the greater part of the work. Most of the extracts given are from writings composed at a time contemporary to, or shortly after the occurrence of the events discussed in them. The purpose of the study is to indicate economic conditions in the period considered, and to assist in reaching a clearer understanding of the nature of economic fluctuations.

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CHAPTER 1

INTRODUCTION

As periods of prosperity and distress have supplanted one another throughout historical times at least, the fluctuations which destroy economic equilibrium, at fairly regular intervals, cannot be termed a recent development. At present, however, there is a widespread belief that these vacillations are increasing, perhaps in violence, at any rate in malignancy, and that, if we are to cope with them, so we may escape economic chaos, a clearer understanding of their true nature is essential.

The problem has been intensified by modern production methods. In comparatively recent times the complexion of industrial life has been altered by the general adoption of the use of machinery, as well as by the addition to cultivation of huge tracts of land. No longer does apprehension exist concerning the sufficiency of the world's produce. But the difficulty, always present, of regulating supply and demand has become more acute with the era of mass production, specialization, and interdependence among producers.

There has been a remarkable material advance, confined until recently to the occidental countries, within, roughly, the last one hundred and fifty years, but, unfortunately, this progress has been interrupted by intervals of stagnation in business and industry, accompanied

by unemployment and suffering among the people. Cheerful years of economic activity have invariably been followed by gloomy years of economic depression, and the greater has been the exertion and the piling up of wealth, in the time of prosperity, the more marked has been the slump and the more awful the distress which has followed.

The question which arises is, of course,- can our economic structure withstand, indefinitely, these periods of stress? If the answer be in the negative, as so many competent authorities think, we must seek the fundamental cause, or causes, of these recurring depressions, in order to effect a remedy, either by obliterating them, or, if this is impossible, through smoothing out the industrial fluctuations by a planned economy, monetary control, or other means.

The quest for such knowledge is by no means a new one; there exist many theories of the trade cycle, and countless expressions of opinion on the causes of past depressions. Some of these are contained in the following pages, and, although none of the explanations have resulted in the prevention of periodic loss and suffering, a consideration of them, in relation to past conditions, may be of some worth. Such a study is the real purpose of this work.

The following brief and somewhat spasmodic inspection of economic fluctuations is chiefly concerned with conditions in Great Britain between the years 1800 and 1914. The survey is largely composed of quotations taken from accounts and articles which have appeared in British reviews and periodicals in the course of the years considered.

Particular attention has been paid to the causes to which have been ascribed the various depressions which have afflicted the nation throughout this time. Reports of glutted markets and theories of over-production have received special attention, because of the general interest in, and the importance of, this phase of economic study. Accordingly, there has been included a short chapter dealing with the views of the classical economists on the subject of over-production.

The quotations given present conflicting theories. No attempt has been made to avoid this, or to prove the correctness or error of any exposition given. Nor have the passages selected been limited to those setting forth the beliefs of orthodox economists. Rather the attempt has been to portray the economic situation in Britain, between 1800 and 1914, and, by collecting statements made by various individuals who contemplated the depressions of which they wrote, to aid in reaching a definite conclusion as to the nature of the phenomena.

CHAPTER II

OVER-PRODUCTION AS VIEWED BY THE CLASSICAL ECONOMISTS.

Economic depressions have very often been attributed to glutted markets. This chapter, which does no more than touch upon the views expressed on over-production by the classical economic theorists, has, therefore, been considered relevant to a survey of economic fluctuations.

It may first of all be noticed that fear of general over-production did not cause wide-spread alarm among the earlier writers. There were few pessimists in the eighteenth or in the early nineteenth century when the growth of productive power was considered.

Adam Smith, whose WEALTH OF NATIONS first appeared in 1776, did not discuss a general glut of the markets; the likelihood or possibility of this apparently did not occur to him, although he realized that one or more commodities might be produced in over-abundance. In the latter case, however, Smith said that the surplus would cause a falling price and decreasing production, equilibrium thus being restored. He put it thus in the WEALTH OF NATIONS:

"If at any time it (the quantity brought to market) exceeds the effectual demand, some of the component parts of its price must be paid below their natural rate. If it is rent the interest of the landlords will immediately prompt them to withdraw a part of their land; and if it is wages or profit, the interest of the labourers in the one case, and of their employers in the other, will prompt them to withdraw a part

of their labour, or stock, from this employment. The quantity brought to market will soon be no more than sufficient to supply the effectual demand."⁽¹⁾

At the time Adam Smith wrote the Industrial Revolution had not really begun, but he found satisfaction in improvements which increased the amount of manufactured goods, as he considered that society gained through increased production which diminished price. He noted with satisfaction that improved production of metal goods at Birmingham and Sheffield had lowered the price of these commodities;⁽²⁾ he found no evil in machinery and increased productiveness.

Indeed Smith deprecated monopolies because they restricted production and remarked that enlarged production, while a benefit to the world, might decrease the profits of the capitalist. "The price of monopoly" said he, "is upon every occasion the highest which can be got."⁽³⁾ The reason given for this was:

"The monopolist, by keeping the market constantly understocked, by never fully supplying the effectual demand, sell their commodities much above the natural price, and raise their emoluments, whether they consist in wages or profit, greatly above their natural rate."⁽⁴⁾

(1) Smith, Adam, WEALTH OF NATIONS, Bk.I, Ch.VII, p. 59.

(2) Ibid., Bk.I, Ch. XI, p. 243

(3) Ibid., Bk.I, Ch. VII, p. 63.

(4) Ibid., Bk.I, Ch. VII, p. 63.

As examples of monopolist restriction of production, Smith mentioned the English East India Company and the Dutch East India Company. The English in Bengal had at times destroyed a portion of the opium, rice and grain crops in order to sell at the best possible prices.⁽¹⁾ In the spice islands the Dutch limited the exports of cloves and nutmegs to the amount they could dispose of in their own markets at the best price.⁽²⁾ These practices were condemned on the grounds that the larger possible production would have lowered the prices of Indian products and ultimately have benefited everyone. England's monopoly of trade with her American colonies was also condemned, by Smith, as injurious, in the long run, to both countries.⁽³⁾

As to J. B. Say, the French economist, he definitely stated, in A TREATISE ON POLITICAL ECONOMY, which was first printed in 1803, that general over-production was impossible. His argument was that goods were produced to exchange for other goods, and that therefore every creation of a commodity opened a vent for other products which would be exchanged for it. The introduction of machinery was no cause for worry, said this writer, and, at any rate, it could not be stopped. The use of machinery was the cause of some unemployment and

(1) Ibid., Bk. IV, Ch. VII, p. 135

(2) Ibid., Bk. IV, Ch. VII, p. 135

(3) Ibid., Bk. IV, Ch. VII, p. 93 et seq.

temporary suffering for workmen, but greater production meant more general prosperity.

According to Say, all monopolies were, "to the prejudice and cost of the whole community", because monopoly profits were partially composed of tax upon consumers.⁽¹⁾ In support of his claim Say pointed to the French East India Company and to the associations of manufacturers in Paris who, with their long apprenticeships and limited numbers, had restricted industrial growth, especially in the metal trades.⁽²⁾ Far from fearing over-production, Say was only too willing to see an indefinite increase in the amount of goods created.

Neither did David Ricardo consider that general over-production was impossible. Like J. B. Say, he argued that products were bought by products, or services, money being only a medium of exchange, and, therefore, that men had need only of the means which production supplied. Ricardo, though he admitted the possibility of a glut in one commodity, thought that such a condition would soon be rectified by a movement of capital and labour from the manufacture of the surplus commodity to the manufacture of something for which a demand existed. Both Ricardo and Say felt that, "There is no

(1) Say, J. B., A TREATISE ON POLITICAL ECONOMY, Bk.I, Ch.XVII, p.101.

(2) Ibid., Bk. I, Ch. XVII, p. 137.

amount of capital which may not be employed in a country, because demand is only limited by production."⁽¹⁾ In his PRINCIPLES OF POLITICAL ECONOMY AND TAXATION, which was first published in 1817, Ricardo admitted that, were it possible for the whole capital and labour of a country like England to be devoted to the making and growth of necessities, then a glut might ensue, for, he said, there was always a limit to how much one could eat, for instance. But there was no limit to human desires and the wish for luxuries assured continued production, even should the world be fully supplied with necessities.

Ricardo was convinced that the use of improved machinery increased material wealth, lowered prices, and was beneficial to all. He saw, of course, that the introduction of new machines sometimes injured a portion of the labouring class, but he argued that, in the long run, even these people shared in the advantages of lower prices and the renewed demand for labour which followed increased production.

Monopolies were condemned by Ricardo, as well as by Smith and Say, because they resulted in a bad distribution of general capital and industry, lessened production, and injured the consumer.

Likewise, James Mill, whose ELEMENTS OF POLITICAL ECONOMY was first published in 1821, was contemptuous of the idea of a too

(1) Ricardo, David, PRINCIPLES OF POLITICAL ECONOMY AND TAXATION, Ch. XXI, p. 273.

great abundance of commodities. Basing his theory on a state of barter and ignoring money, he repeated the claim that production was the cause of demand. Mill said: "Goods which have been produced by a certain quantity of labour exchange for goods produced by equal labour."⁽¹⁾ He also believed in the benefits to be derived from the use of machinery.

James Mill's friend and contemporary, J. R. McCulloch, took even greater pains, in his PRINCIPLES OF POLITICAL ECONOMY, first published in 1825, to prove that general over-production could not exist. McCulloch claimed that, as an increase in the use of machinery was equivalent to a greater manual dexterity, it meant that more necessaries, luxuries and conveniences would be provided. Hence, as each man would have an excess of goods to exchange, each would be better off, and the industrious individuals, whose production would be large, would be in a favourable position as compared with the lazy ones. Temporary gluts of the markets would be removed by a balancing of supply and demand, he said.

McCulloch said that at those times when foreign demand for British goods slackened, this happened because of high prices or restrictions on British importation, not because of a state of over-production. Changes in the quantity and value of money were also mentioned by him as detrimental to foreign trade.⁽²⁾

(1) Mill, James, ELEMENTS OF POLITICAL ECONOMY, Ch. IV, Sect. III, p. 233.

(2) McCulloch, J. R., PRINCIPLES OF POLITICAL ECONOMY, Ch. VII, p. 202.

This economist, on considering the future markets of America, Australia, and the Orient, found it impossible to conceive of any danger of a world glut. At any rate, he said, Britain could always turn to the manufacture of her present imports, if her goods could not be disposed of abroad. He had noticed that in the cotton trade the market demand and the number of employees had increased after each growth in the powers of production. (1)

Concerning money and crises, McCulloch stated that the quantity of circulating currency could not effect production or cause an industrial collapse, because it did not determine the value of any commodity in terms of other commodities. Gluts of certain articles were the results of poor guesses by producers and were not lasting.

Monopolies were condemned, for the usual reasons, in McCulloch's writings. The Mercantilists, old woollen monopolies, and the East India Company were all censured for restraining productiveness. McCulloch said:

"No exclusive company should ever be established for carrying on any sort of manufacture, or for conducting any branch of internal or external commerce. No such institution, formed for such an object, has ever been any thing else than a public nuisance." (2)

(1) Ibid., Ch. VII, p. 205

(2) Ibid., Ch. X, p. 301

Nassau Senior, whose chief work, POLITICAL ECONOMY, appeared in 1854, added his support to the orthodox view of over-production, denying the possibility of harm arising from increased production, but he made no original statements on the subject.

John Stuart Mill, who finished his PRINCIPLES OF POLITICAL ECONOMY in 1847, generally confirmed the statements of the earlier theorists. However, he thought that the use of money complicated matters, and that a crisis came about when there was a superabundance of all commodities relatively to money. When that happened, a period of reaction had to follow. There could be no excessive production of commodities in general, said this economist, but he added:

"A portion of commodities produced may be unable to find a market from the absence of means in those who have the desire to consume, and the want of desire in those who have the means"⁽¹⁾

The immediate cause of a crisis was the contraction of credit, not over-production, said Mill.

The use of machinery was to be welcomed, Mill thought, because of the increased production thereby made possible; and monopolies were to be censured because they restricted supply.

Despite all these weighty arguments the early economic writers did not unanimously hold the belief that a general glut of markets was impossible. T. R. Malthus, whose POLITICAL ECONOMY was first

(1) Mill, John Stuart, PRINCIPLES OF POLITICAL ECONOMY, Bk. III, Ch. 14, p. 93.

published in 1820, denied that commodities were exchanged for each other, declaring that usually they were exchanged for labour, productive or unproductive. Therefore, he said that the mass of commodities could become so great that they would fall in value, as compared to labour. In such a case, lowered profits and checked production would follow, but general over-production of commodities would have existed for a time. Contrary to Ricardo and Say, Malthus did not think that accumulation ensured demand, because, he said, a country might increase funds for maintaining labour faster than the population increased and this might result in a universal glut. Accumulation would cause commodities to be supplied in quantities beyond what society would consume. When revenue was converted into capital beyond a certain point demand slackened and unemployment appeared, for resulting high wages and low profits discouraged employers. (1) As to over-production being impossible because of man's unlimited desires, Malthus pointed out that many preferred indolence to luxuries procurable by further labour.

Malthus, however, did not denounce the use of machinery, for his belief was that it did not permanently displace labour. The

(1) James Mill pointed out in considering Malthus' theory that in Ireland wages were very low and there was no industry, while in the United States wages were very high and there was a great deal of industry. (See Mill, James ELEMENTS OF POLITICAL ECONOMY, p. 239.)

advantages derived from machinery depended, nevertheless, on the extension of the market for the commodities manufactured. The first thing needed was a demand for commodities. In short, Malthus thought that Mill, Say, and Ricardo, had erred in considering commodities in relation only to each other, not in relation to the wants of the consumers.

Thomas Chalmers, whose POLITICAL ECONOMY was first published in 1832, also feared large scale production. He assumed that increased productivity would cause a growth in population, and, in crowded European states, he thought the food surplus would be overtaken. Any disproportion in manufactured articles would cause a glut, and in rectifying this disproportion, he said, distress would spread itself among all the workers, because of the difficulty, or impossibility, of transferring labourers from one industry to another. For instance, Chalmers claimed, moving labour from manufacturing to farming was not possible. He argued that the limit to land cultivation limited all trade. Too many producers caused a glut of at least all but the necessaries of life and it was absurd to imagine a country confining its manufactures to necessaries.

"We shall at length", said Chalmers, "come to a limit beyond which the expense incurred in fabrication must exceed the expense of the thing fabricated."⁽¹⁾

(1) Chalmers, Thomas, POLITICAL ECONOMY, Ch. II, p. 158.

He advocated moral restraint in the pursuit of gain.

Chalmers did not deprecate the use of machinery, however, and in this he differed from the Italian economist, Simonde de Sismondi. The latter, whose NEW PRINCIPLES OF POLITICAL ECONOMY first appeared in 1819, saw in the sufferings of European labourers the effects of the new industrial methods, and his practical experience led him to criticize the abstractness of Ricardo, Say and Mill. On this ground he attacked their theory that any over-production was rectified by falling prices, movement of capital, and redirected efforts, because Sismondi saw that neither labour nor capital could be moved easily or quickly from one industry to another.⁽¹⁾ Instead, said Sismondi, the result was low profits in declining industries, long hours of work, small wages, and eventually, unemployment and misery. His argument was that "production should be

(1) Sismondi remarked that many markets were glutted with exports of English manufactures. Say replied that this was a result of under-production and restrictions on exchange, not of over-production. "Did Brazill produce wherewithal to purchase English goods exported thither those goods would not glut her market. Were England to admit the import of the products of the United States, she would find a better market for her own in those States." (See Say, J. B., A TREATISE ON POLITICAL ECONOMY, translated by Prinsep, published 1824, footnote, p. 87-88.)

limited by the social income available for that production." (1)

Although there were a few dissenters, the classical economists, on the whole, held that the theory of general over-production was unsound, that in a short time equilibrium would be re-established should partial gluts arise, and that any restriction of production was injurious. Those who denied that these things were so, chief among them Malthus and Sismondi, were frowned upon as gloomy prophets.

(1) Tuan, Mao-Lan, SIMONDE DE SISMONDI AS AN ECONOMIST,
(Columbia University Thesis). p. 81.

CHAPTER III

GENERAL ADVANCE IN THE PRODUCTIVE POWERS OF BRITAIN FROM 1800 TO 1815.

Although the nineteenth century opened inauspiciously in Britain, the first fifteen years saw a marked increase take place in the production of wealth, an advance, however, which was interrupted by brief, but sharp, depressions.

Poor harvests resulted in suffering for the poor in 1800. The ANNUAL REGISTER for that year reported:

". . . the price of bread, from a bad season, from the war, but probably, above all, from an overflow of money, such as it was, had risen to an exorbitant height. This evil was perhaps occasioned also, in some small degree, by the avarice and arts of regraters and forestallers.

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"At Birmingham, the shops of the bakers were, on the eighth of September, attacked by the populace and those who refused to sell bread at the rate which they prescribed were insulted and robbed.

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"On the fifteenth of December disturbances commenced in London. Inflammatory bills, posted on the Monument, in the night preceding, urged the people to rescue themselves from famine by their own exertions, and to take vengeance on monopolists and forestallers."⁽¹⁾

(1) ANNUAL REGISTER, 1800, p. 211 - 212.

Some commotions had to be suppressed at this time⁽¹⁾ and, in the early part of 1801, the nation was "threatened with famine".⁽²⁾ but a better harvest in 1801 eased matters.

The GENTLEMAN'S MAGAZINE, October, 1804, reviewed a work entitled "A Word on the Times", which was written by Mr. Rowland Hunt, evidently in 1801. The review said:

"Mr. H., who is a public-spirited magistrate and writer, observes, that the total deficiency of last harvest, from bad weather, is thought to be between one-fourth and one-fifth. 'Last year produced an uncommon quantity of fruit, and an extraordinary importation of sugar, of which, owing to the war, so much ~~remains~~ unexported; and spirits were made of molasses to save corn. The same rain which interrupted the harvest increased the fisheries, nor did turnips universally fail. The diligent and attentive care of the British Government early exerted itself. People of all ranks economized with cheerfulness. This island appears to be like a ship (under reduced allowance) in a state of relief: while France, with the reduction of millions of its inhabitants by the calamities of last year, cannot supply her armies in Italy, much less her ruined allies in Switzerland, Spain is poor and subjugated; and Italy had not recovered the devastation of the French.

(1) Ibid., p. 212.

(2) ANNUAL REGISTER, 1801, p. 117.

In vain shall we now look for any country in internal and external resources like Great Britain. During the present war, now (1801) of seven years' duration, 479 (enclosure) bills have received the sanction of Parliament, which exceeds the bills passed in the seven years preceding it more than two to one; a future resource of supply that will balance our increase of population, which is itself the strongest evidence of the prosperity of the kingdom. Since 1795 farmers have universally sold corn to their labourers; they are better served, safer in their property, more beloved in their villages, and no one will say impoverished.' "⁽¹⁾

The conclusion of peace with France, In October, 1801, was encouraging to British merchants and by the beginning of the new year conditions were much improved. The ANNUAL REGISTER, 1802, announced: "It was the opinion of a vast majority of the British nation that the year 1802 commenced under circumstances highly auspicious."⁽²⁾

As the year progressed there appeared some doubts as to the soundness of the prosperity of the country, but at the opening of the Parliamentary session, November 23rd., the King said in his speech: "The state of the manufactures, commerce and revenue of my United Kingdom is flourishing beyond example."⁽³⁾ Lord Arden also noted the abundance of the necessaries of life,⁽⁴⁾ and a short time later it was

(1) Review of New Publications, GENTLEMAN'S MAGAZINE, October, 1804, p. 948 - 949.

(2) ANNUAL REGISTER, 1802, p. 75.

(3) ANNUAL REGISTER, 1803, p. 3.

(4) Ibid., p. 4.

reported: "The Chancellor of the Exchequer, in reply to the arguments of Mr. Fox, with respect to the financial state of the country, said that its revenue was now so flourishing that it could afford the increase proposed."⁽¹⁾ According to the ANNUAL REGISTER: "Sir William Curtis insisted that ship-building was going on with unremitting activity at the different docks on the river Thames."⁽²⁾ An increased supply of wheat lowered its price from 115s. 11d. per quarter in 1801,⁽³⁾ to 67s. 9d. in 1802.⁽⁴⁾

There followed a brief boom, with general extension of credit, and speculation, but this came to an abrupt end with the slump in 1803, which justified those who had doubted the soundness of the industrial and commercial advance.

The ANNUAL REGISTER, 1803, said:

"In January 1802 the public funds were high; the spirit of commercial adventure, raised by the hopes of arrangements for facilitating the trade between France and England, and internal tranquility prevailed throughout all parts of the British Empire. In January 1803 the stocks began rapidly to decrease in price; no commercial treaty whatever had taken place with France; and our prisons were crowded with traitors"⁽⁵⁾

(1) Ibid., p. 44.

(2) Ibid., p. 54

(3) Porter, G. R., PROGRESS OF THE NATION, Ch. I, Sect. II, p. 150.

(4) Gibbons, H. deB., INDUSTRY IN ENGLAND, p. 424.

(5) ANNUAL REGISTER, 1803, p. 65.

The peace, created by the Treaty of Amiens, was broken in 1803 and war intensified the depression for a time. British naval victories however, may have had some beneficial effect on foreign trade, and by 1804 conditions were righting themselves.

Employment and wages apparently rose in 1804; in the Chronicle of the ANNUAL REGISTER for that year the following passage is to be found:

"It is a matter of exultation and self-confidence to reflect that the most considerable and most important of our public works suffer, comparatively speaking, by little interruption. A scarcity of hands will naturally rather retard the completion of them, and such materials as are wanted must be purchased at an increased price, particularly the articles of timber and bricks.

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"The West India Docks, for unloading all vessels coming from the West Indian Islands and Colonies, have been completed, The excavation of the dock for loading is proceeding with great spirit. In the meantime it is highly gratifying to subscribers . . . that the profits warrant a dividend of 10% on the sums already subscribed."⁽¹⁾

It was added:

". . . . a wide road called Commercial Road is nearly

(1) ANNUAL REGISTER, 1804, Chronicle, January 1, p. 353 - 354.

paved and finished, commencing at the Northwest corner of the East India Dock and coming our into Whitechapel near Aldgate." (1)

The construction of the Grand Junction Canal was also in progress, said the Chronicle. (2)

The editor of the ANTIJACOBIN wrote in the political preface of that periodical, in 1804:

"Our finances are in a prosperous situation. Taxes press much more lightly than the nation deemed it her duty to bear seven years ago Discontentment is much less strong and virulent." (3)

It is safe to say that the depression which followed the Peace of Amiens was over by the end of 1804, and the growth of British population and industry in the early years of the century was extraordinary.

Students have doubted the accuracy of early census returns but fairly close estimations can be made. In his PROGRESS OF THE NATION, G. R. Porter gave the population of Great Britain, in 1801, as 10,942,646. In 1811 the number of people had risen to 12,596,803, an increase of 15.11%, while in 1821 a further increase of 14.12% made the total population 14,391,631. (4)

(1) Ibid.

(2) Ibid.

(3) ANTIJACOBIN, 1804, Political Preface, Vol.XIX, p. XIX.

(4) Porter, G. R., PROGRESS OF THE NATION, Ch. I, Sect.I, p. 8.

This remarkable rise in numbers resulted in a growing demand for wheat, while improved methods of agriculture made greater production possible, the corn laws making importation negligible when harvests were good at home. There is no record of the amount of wheat produced in Britain at this time, but Porter came to the conclusion that between 1801 and 1810 the annual average import of wheat into the kingdom amounted to 600,946 quarters, and he pointed out that, as it had been calculated that the average quantity used by each person was about eight bushels per year, it followed that home production supplied most of the populace.⁽¹⁾ Again, basing his work on the computations of a committee of the House of Commons which enquired into the state of waste lands in 1797, Porter reckoned that, from 1800 to 1809, 1,550,010 acres were brought into cultivation, and that from 1810 to 1819, 1,560,990 acres were added.⁽²⁾ These estimates clearly indicate that the advance in agricultural production was a marked one.

English harvests were not consistently good, of course. The fluctuations in quantity supplied probably bore a close relation to the price of wheat. Porter gave the average price of wheat in 1808 as 78s. 11d. per quarter; in 1810 a deficient harvest raised the cost to 103s. 3d. per quarter, "but this rate, owing to the then depreciated state of our currency, was not equal to more than about 90s. if paid

(1) Ibid., Ch. I, Sect. II, p. 140 - 141.

(2) Ibid., Ch. I, Sect. II, p. 157.

in gold."⁽¹⁾ In 1812 the price rose again, to 122s. per quarter, the real price being "not beyond five pounds per quarter," but by 1814 increased production and importation caused a fall "to a rate which, measured by the standard price of gold, was not more than 54s. per quarter."⁽²⁾

During the Napoleonic wars manufactures were also becoming of increasing importance in England. The progress of the woollen industry, for instance, may be shown by the imports of raw wool. In 1801, 7,371,774 pounds of wool were brought into England, while in 1814 the importation amounted to 15,492,311 pounds.⁽³⁾ In 1803, 1806, 1808-1809 and 1811-1812, however, the import figures fell below those for 1801,⁽⁴⁾ marking periods of depression in the industry.

In the ANNUAL REGISTER, 1809, there appeared an article on the woollen manufacture during 1808 and 1809 which said:

"And it thus appears that notwithstanding all the prohibitory decrees of the enemy from without, and the anxious efforts of the enemy at home to represent us as a 'sinking country' that our manufactures have, during the last year, increased in the aggregate 6,581 yards.

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"In March, 1808 the stock of cloth on hand was very great, The very reverse is now the case;"⁽⁵⁾

(1) Ibid., Ch. I, Sec. II, p. 150.

(2) Ibid.

(3) Ibid., Ch. II, Sect. II, p. 173

(4) Ibid.,

(5) State of the Woollen Manufacture from the 25th. of March, 1808, to the 25th. of March, 1809, ANNUAL REGISTER, 1809, Chronicle, p. 328.

Use of the steam engine aided in the development of the other important textile industry, the cotton manufacture. The quantity of raw cotton consumed by English workers was 54,203,433 pounds in 1801, 123,701,826 pounds in 1810, 53,777,802 pounds in 1814 and 92,525,951 pounds in 1815. ⁽¹⁾

The making of printed cotton fabrics, a branch of the cotton industry, also forged ahead. In 1800 some 32,869,729 yards were produced; in 1814 the number of yards printed was 124,613,472, a growth attributable to improvements in production methods as well as the imposition of a protective duty. ⁽²⁾

Again, the growth of the population of Birmingham indicated the enlargement of the hardware manufacture in that city. In 1801 the number of inhabitants was 73,670, in 1811 it was 85,755, while by 1821 it had become 106,722. ⁽³⁾ In 1805, 4,288 tons of hardware were exported, in 1814, 6,162 tons and in 1815, 15,472 tons were sent abroad. ⁽⁴⁾

Brass and copper manufactures were exported in quantities which grew rapidly from 1811 to 1815. ⁽⁵⁾

The mining of iron and coal did not lag behind. In 1801 the English exports of bar iron amounted to 3,001 tons; in 1815 the amount was 18,223 tons. In the same period, however, the less important exports of pig iron fell off, after 1812, when 4,066 tons were supplied

(1) Porter, G. R., PROGRESS OF THE NATION, Ch.II, Sect.II, p. 178.

(2) Ibid., Ch.II, Sect.II, p. 201.

(3) Ibid., Ch.IV, Sect.II, p. 245.

(4) Ibid., Ch.IV, Sect.II, p. 247.

(5) Ibid., Ch.IV, Sect.II, p. 248.

to foreigners.⁽¹⁾ As an indication of the activity in coal mining, in 1801 there were 1,331,870 tons of coal shipped from Newcastle, while in 1815 the number of tons shipped was 1,805,013, not a great increase but a steady one.⁽²⁾

Foreign commerce fluctuated between 1801, and 1815.

Judging by the official values, quoted by Porter, exports were large in 1801 and 1802 but declined after that until 1809, fell off again in 1810, and increased greatly in 1814 and 1815.⁽³⁾

The efforts of the belligerent nations to curtail the enemy's trade by blockades were detrimental to English merchants, although to what extent is debatable, Porter wrote:

"We have not the means of analysing our foreign commerce in any year earlier than 1805, but in that and the two following years it will be remarked that very nearly one-third of our foreign export trade was carried on with the United States of America. Under the then existing circumstances of the country, with the ports of the continent shut against us as completely as the power of Napoleon enabled him to accomplish this object, this trade was of particular importance to us."⁽⁴⁾

"This important trade with America was of course lost when that country, enraged by the Berlin and Milan decrees of Napoleon, and the Orders in Council of Britain, forbade commercial intercourse with both belligerents, and finally declared war on Britain in 1812.

(1) Ibid., Ch.IV, Sec.II, p. 248.

(2) Ibid., Ch.VI, Sect.II, p. 275.

(3) Ibid., Ch.IX, Sect.III, p. 356.

(4) Ibid., Ch.IX, Sect.III, p. 377 - 378.

Nevertheless the expediency of the Orders in Council was a controversial question throughout England at the time. Lord Sheffield published a tract on "The Orders in Council and the American Embargo", in which he maintained that the restrictions adopted by England were to the political and commercial interests of the kingdom. A correspondent, 'Vindex', discussed Lord Sheffield's work in the ANTIJACOBIN, June 1809. This reviewer said:

"Lord Sheffield accordingly, as introductory to this subject, takes a view of our commerce during the years 1805, 1806 and 1807 and shows that 'if the demand for British manufactures and merchandise from one part of Europe declined, our exports to other places proportionally increased, and that, upon the whole, the amount of our commerce in the year ending January 5, 1808, suffered only a trifling diminution whilst the exports of British manufactures and produce was greater than in the year ending January 5, 1806.' "⁽¹⁾

The reviewer noted that towards the close of 1807 British commerce did decline, and, "our manufactures experienced a heavy though temporary depression."⁽²⁾ 'Vindex' quoted Sheffield again, who, after admitting a slump in 1807 and 1808, added:

"The activities and enterprise of British merchants was not to be long repressed by any powers of resistance Bonaparte could oppose

(1) ANTIJACOBIN, June 1809, Reviewers Reviewed, p. 193 et seq.

(2) Ibid.

or cause to be opposed to them; and other and new channels being obtained about that time, our manufactures and commerce soon attained their former state of prosperity. Indeed in the autumn of last year they were unusually flourishing;" ⁽¹⁾

By 1810, however, a deficient harvest and deranged trade brought distress to at least the poorer classes in England. Porter explained the situation in this way:

"It will be clear, that the great advantages which we derived from our trade with America must have ceased when the blockade of their ports was enforced; and accordingly we find that the amount of our exports became altogether inadequate to meet our public expenditure abroad, the foreign exchanges turned ruinously against this country, and the drain of the precious metals was such that the price of gold rose from 80s. per oz., at which price it had been stationary during the six preceding years, to 91s. per oz. in 1809, to 97s. 6d. in 1811, to 105s. in 1812, and to 110s. in 1813; these prices being respectively 14, 20, 25, and 29 per cent. above the Mint price of 77s. 10½d. per oz. During this period the evil consequences of this state of things was aggravated by the great quantities of foreign goods, beyond the wants of the consumers, that were accumulated in our warehouses, and for which no market could be found. . . . Such of our manufacturers as had the means of doing so, had accumulated large stocks of goods in their stores but one after another their means of employing workmen fell off, so that in the beginning of 1811 the distress among all

(1) Ibid.,

the trading classes had arisen to a most alarming height; meetings were held in the city of London to consider as to the course to be pursued to mitigate the evil, and a Select Committee of the House of Commons was appointed with the same view. The distress was partly alleviated by the issue of Exchequer bills on loan to the merchants, but effectual relief was not obtained until the tide of prosperity began to turn away from the ruler of France, and the continental nations casting off the shackles in which he had bound them, leagued together in alliance with England, for the recovery of their independence; their ports were then of course open to our commerce, and the goods which had been accumulating in our docks and warehouses were distributed to willing purchasers."⁽¹⁾

As to British commerce at this time, it was rated in the QUARTERLY REVIEW, May, 1811:

"It may be said that the reports of the Inspector General of the Customs, presented to the Bullion Committee, indicate a favourable balance on our trade with the continent during the five years 1805, 6, 7, 8 and 9,"⁽²⁾

It was noted then, however, that the official export figures were misleading because they took no account of the quantity of goods seized by foreign officials, or that were piled up, unsold, in the English warehouses at Heligoland. The article continued:

(1) Porter, R. G., PROGRESS OF THE NATION, Ch.IX, Sect.III, p. 379 -380.

(2) Reflections on the Nature and Extent of the License Trade, QUARTERLY REVIEW, May, 1811, p. 457 et seq.

"But it may be safely affirmed that in this country bullion is at present really scarce, and that an increased supply of it, except to a very limited amount, is unattainable. The country from which Europe derives its principal yearly supply of the precious metals is glutted with our manufactures; at that market, therefore, bullion is become much dearer than usual with reference to those articles by means of which we have always been accustomed to purchase it Every post which arrives from the continent announces the execution of Bonaparte's anti-commercial decrees and evinces the insufficiency of mercantile artifice when opposed to his absolute power and unremitting vigilance."⁽¹⁾

However, the author of "America-The Orders in Council", which was printed in the QUARTERLY REVIEW, March, 1812, thought that the evils of the period were attributed to the effects of the Orders in Council to an exaggerated degree. He said:

"The inference to be drawn from the statements advanced by the advocates of America on this side of the Atlantic, is nothing more nor less than this - that all the distresses of our manufacturing towns are entirely owing to the orders in council. The increase of the poor in Liverpool, the decrease in the demand for the pottery ware of Staffordshire, the riots at Nottingham, are all to be ascribed to the orders in council."⁽²⁾

This critic then noted the increase in exports and imports

(1) Ibid.

(2) America - The Orders in Council, QUARTERLY REVIEW, March, 1812.
p. 1 et seq.

from 1805 to 1810 and the large growth of custom receipts during 1809 and 1810. He did not feel, apparently, that the figures were consistent with statements claiming that the Orders in Council had ruined English commerce. (1)

On this question, however, Mr. Henry Brougham (2) had no doubts; he was entirely opposed to restrictions of trade. In the EDINBURGH REVIEW, July, 1812, there appeared a consideration of, "The Speech of Henry Brougham Esq., M.P., in the House of Commons, upon the Present State of Commerce and Manufactures." The reviewer of the address said:

"It appears in evidence that the baneful effects of the Orders in Council equally affected the woollens of Wiltshire and York, the hardwares of Birmingham and Sheffield, the stockings of Nottingham and Leicester, the carpeting of Kedderminster, the cottons of Manchester and Glasgow and the silk goods of Spitalfields; and reaching even to the remote shores of Inverness, swept off in their course the coarser manufactures of Fife, Forfar and Kincardine." (3)

Brougham was quoted as saying that the substitution of the South American market by no means recompensed England for the loss of that of the United States. (4)

Yet English foreign trade, though hampered, was never brought

(1) Ibid.

(2) Later Lord Brougham

(3) The Speech of Henry Brougham Esq., M.P., in the House of Commons, upon the Present State of Commerce and Manufactures, EDINBURGH REVIEW, July, 1812, p. 234 et seq.

(4) Ibid.

to a standstill; her industrial supremacy prevented such an occurrence. M. Briggs in his ECONOMIC HISTORY OF ENGLAND summed up the industrial and commercial situation in the war years as follows:

"Yet, on the whole, the most prosperous war years we may suppose to have been more satisfactory as regards industry than the best years before the war, though the least prosperous years of war were much worse than any of the peace years.

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"Even though our commerce was crippled no other country could have supplied the demand for the new machinery-made goods; Every English port could send out the goods into a large expanse of sea and some products reached their destination.

"On the whole our conclusion must be that wide-spread prosperity, when it existed, occurred in spite of the war."⁽¹⁾

The cessation of war in 1814, removed trade restrictions and English foreign trade experienced a remarkable increase, as has been noted. Nevertheless the ending of hostilities was injurious to those industries which had supplied the necessities of combat, among others, ship-building, which suffered a decline in 1814, after a period of conspicuous activity in the two preceding years. The QUARTERLY REVIEW, January, 1815, discussing "Colquhoun on the Wealth, Power and Resources of the British Empire", reported:

(1) Briggs, M., ECONOMIC HISTORY OF ENGLAND, Ch. VIII, p. 205 - 206.

" . . . commerce and shipping are stated to have produced new property to the enormous amount of 46,373,748 pounds in the year 1812, and to have given employment to 406,350 individuals including their families;" (1)

"On the Thames Ship-builders", an article printed in the QUARTERLY REVIEW, April 1814, said, in part:

"The war, which threw out of employ so many thousands of families in Birmingham, Manchester, and other great manufacturing towns, created an increased demand for every kind of labour connected with the dock-yards, whether public or private: the return of peace has reversed this state of things, and the shipwright is now the temporary sufferer;" (2)

This article claimed that the distress was owing to the cessation of the building of ships of war. A certain Mr. Harrison was quoted as telling a Parliamentary committee, in 1814, that between 1806 and 1813, there had been constructed two hundred and eighty-three ships of war. Peace had ended the demand:

"Can any one doubt, after this, to what the present stagnation in the building trade is owing? Is it not to be expected that when the demand which called forth this great and unusual exertion was satisfied, when no more ships of war were ordered to be built, there would necessarily be a slackness of work in building yards?

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"Wigram and Co. employed, in 1812, one hundred and

(1) Colquhoun on the Wealth, Power and Resources of the British Empire, QUARTERLY REVIEW, January, 1815, p. 412 et seq.

(2) On the Thames Ship-Builders, QUARTERLY REVIEW, April, 1814, p. 215 et seq.

ninety shipwrights; in 1813, they had four hundred; and in 1814 they had no more than eighteen!⁽¹⁾

This poverty and suffering were by no means obliterated, yet, on the whole, wages rose from 1800 to 1815. Part of this rise, of course, resulted from the depreciation of the currency, following the Bank Restriction Act of 1797. According to tables compiled by Porter, bricklayers at Greenwich Hospital received a weekly wage of 18s. in 1800, 29s. in 1805, and 30s. 6d. in 1815. At the same place the wages of masons amounted to 17s. in 1800, 30s. in 1805, and 34s. 6d. in 1815. Carpenters at Greenwich Hospital were paid, weekly, 18s. in 1800, 27s. in 1805, and 33s. in 1815; plumbers received 19s. 6d., weekly, in 1800, 27s. in 1805, and 34s. 6d. in 1815. London compositors who did book-work were able to earn, weekly, 33s. in 1801, 33s. in 1805, and 36s. in 1815. Morning paper compositors received 40s. per week in 1801, 40s. in 1805, and 48s. in 1815. From 1810 to 1814 shoe-makers in Manchester were paid 16s. a week, tailors 18s. 6d., labourers in Glasgow, 11s. and labourers in Manchester, 15s. We do not know what these latter workmen were paid before 1810, but it is most probable that in each case the wages were much lower at the beginning of the century. That wages did not invariably rise, however, is shown by the fact that hand-loom weavers in Bolton were paid 25s., a week, in 1800, 14s. in 1811 and 14s. in 1815. In Glasgow the same type of workers received, per week, 13s. 1d., in 1800, 7s. 6d. in 1811, and 11s. 6d. in 1815.⁽²⁾

(1) Ibid.

(2) Porter, G. R., PROGRESS OF THE NATION, Ch. XIV, p. 443 - 445.

In the article, "Colquhoun on the Wealth, Power and Resources of the British Empire", QUARTERLY REVIEW, January 1815, it was stated:

"The wages of labour, in point of fact, are higher in England at this time, when compared to the price of corn, than they are in any other country, and at least equal to what they were at any former period in this."⁽¹⁾

The fluctuating price of good, however, made it difficult for the English workmen in these years and it is not intended to suggest that the poorer classes enjoyed any real prosperity. The QUARTERLY REVIEW, December, 1812, considering "Propositions for Ameliorating the Condition of the Poor", said:

". . . . in England the great mass of the manufacturing populace, whatever be their wages, live, as the phrase is, from hand to mouth and make no provision for the morrow, being utterly improvident because their moral and religious education has been neglected."⁽²⁾

Lack of "provision for the morrow" might also have been ascribed to high prices. The QUARTERLY REVIEW, July, 1813, contained "Tracts on the British Fisheries", which said in part:

"Food of every description has risen to an extravagant and unprecedented price; butcher's meat, once in ordinary use, is now nearly beyond the reach of the great mass of the people; the labouring poor can

(1) Colquhoun on the Wealth, Power and Resources of the British Empire, QUARTERLY REVIEW, January 1815, p. 423.

(2) Propositions for Ameliorating the Condition of the Poor, QUARTERLY REVIEW, December, 1812, p. 319.

scarcely hope to taste it, and as to fish, whether in the metropolis or the great inland towns of England, that may be considered as a prohibited article even to the middling ranks of life."⁽¹⁾

Surveying the fishing industry it was added that, in previous years:

"The uncertainty of the supply and the fluctuation of price were necessarily followed by an uncertainty of demand; and such a state of the market being precisely suited for the establishment of a monopoly, a monopoly was accordingly established."⁽²⁾

Sir Thomas Bernard was quoted as saying:

"But it is now ascertained that in a period of scarcity, when every effort is making by importation and economy to provide for the public necessities, a kind of blockade has checked the supply of the metropolis; large quantities of fish have been withheld or wantonly destroyed as they approached the market and nearly two million of inhabitants in London and its surrounding neighbourhood have been in a great measure deprived of an article of food which might have lessened the consumption of butcher's meat and wheat-corn to the relief of the whole kingdom."⁽³⁾

(1) Tracts on the British Fisheries, QUARTERLY REVIEW, July, 1813, p. 265 et seq.

(2) Ibid.

(3) Ibid.

Another cause given for the high price of necessaries was the burdensome taxation which war expenditure made necessary. In 1801, the total taxation in the United Kingdom amounted to 34,113,146 pounds and the increase was steady until in 1815 the revenue from taxes was 72,210,512 pounds.⁽¹⁾

Unemployment varied with industrial conditions. The amount expended on poor relief, however, grew from £4,017,871 in 1801 to £5,418,846 in 1815.⁽²⁾ In 1812 it was said that one person in nine was receiving parochial relief.⁽³⁾ Such a condition was probably unusual and owing to the depression of 1811-1812.

The ANNUAL REGISTER, 1811, reported that a Parliamentary Committee which considered the commercial distress of that year concluded that:

" . . . the principal part of the distress complained of arose out of the great and extensive speculation which commenced upon the opening of the South American markets, in the Brazils and elsewhere, to the adventures of British merchants."⁽⁴⁾

(1) Porter, G. R., PROGRESS OF THE NATION, Ch. II, Sect. IV, p. 475.

(2) Ibid., Ch. IV, Sect. I, p. 90

(3) Propositions for Ameliorating the Condition of the Poor, QUARTERLY REVIEW, December, 1812, p. 319.

(4) ANNUAL REGISTER, 1811, p. 21.

The woollen trade was in a sorry plight, but Parliamentary interference was not deemed to be necessary.⁽¹⁾

The ANNUAL REGISTER, also gave Mr. Ponsonby's opinion:

"He imputed the distresses chiefly to the improvident speculations to South America, promoted by the expectations of an almost unlimited demand for goods in that country, which had been so industriously fostered by the ministerial writers. The markets, being hence much glutted with manufactures thrown in beyond the natural consumption, little advantage could be expected from the proposed relief, an issue of Exchequer bills, while the present state of things should continue;"⁽²⁾

Mr. Huskisson blamed the evils of 1811 on "the too great facility in speculating afforded by the state of the currency."⁽³⁾

The depression led to disorder towards the end of the year. In reference to riots which broke out the ANNUAL REGISTER said:

"Their commencement was in the neighbourhood of Nottingham, the hosiers of which town, having been obliged from the decrease of demand for their manufactures to discharge many of their workmen, much distress necessarily ensued for want of employment. This was enhanced by the new

(1) Ibid., p. 22.

(2) Ibid., p. 22.

(3) Ibid., p. 23 - 24.

application of a certain wide frame in the weaving of stockings, whereby a considerable saving of manual labour was produced, and a consequent further diminution of hands."⁽¹⁾

The weavers began to destroy the new machinery and the rioters nicknamed "Luddites" became active in Derby and Leicester. The Chronicle of the ANNUAL REGISTER, 1812, contained numerous passages such as the following:

"A large body of rioters suddenly attacked the weaving factory at West Houghton of which, being unprotected, they soon got possession They instantly set it on fire."⁽²⁾

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"At Bristol some disturbances took place the last market day on account of the dearness of provisions."⁽³⁾

Fortunately, 1813 proved to be more prosperous and the ANNUAL REGISTER for that year announced the cessation of the riots of the unemployed.⁽⁴⁾ It was explained:

"The bounteous harvest which crowned the hopes of the year has already produced the desirable effect of reducing the price of the most necessary articles of human subsistence to half or two-thirds of that which they bore during all its early months. At the same time the

(1) Ibid., p. 93 - 94.

(2) ANNUAL REGISTER, Chronicle, 1812, p. 61.

(3) Ibid., p. 55.

(4) ANNUAL REGISTER, 1813, p. 98.

greatly increased demand for the manufactures of the country, in consequence of the subversion of the French system of their exclusion from the continent, has given full scope for industry, and raised the wages of workmen to their former rates. No cause, therefore, now exists for discontents among the lower orders of the community;" ⁽¹⁾

The following year also saw much activity in commerce and industry in England; the country was generally tranquil, despite some wrecking of machinery in Nottinghamshire. ⁽²⁾ Nevertheless there was some anxiety felt, as is evidenced by the following quotation from the ANNUAL REGISTER:

"The restoration of peace on the continent has proved less advantageous to the commercial interests of the country than might have been expected; and there is reason to apprehend a powerful rivalry to our manufactures in the improved skill and much lighter expense of workmanship by which those of our neighbours are favoured." ⁽³⁾

This rivalry which was feared did not restrict English commerce in the first part of 1815 at least. Renewed intercourse with the United States aided greatly in creating manufacturing and exporting activity. ⁽⁴⁾

Although the lower classes seem to have gained little from the increased productivity, there can be no doubt that England's

(1) ANNUAL REGISTER, 1813, p. 103 - 104.

(2) ANNUAL REGISTER, 1814, p. 215.

(3) Ibid., p. 219.

(4) ANNUAL REGISTER, 1815, Preface, p. VI.

industries experienced a conspicuous growth from 1801 to 1815. The large agriculturists profited from high prices and high rents, and despite deficient harvests in some years the production of wheat must have advanced greatly. Some manufacturers made fortunes, especially those who supplied war materials. There were indeed slumps in most industries in the course of the period, but, on the whole, a feeling of progress was felt, as denoted by the speed made by Mr. Perceval, in the House of Commons, in 1810. Referring to this address the ANNUAL REGISTER said:

"From a brief survey of the manufactures and commerce of the country, the comparative amount of the exports and imports at different periods, the great public works which were undertaken throughout the country, the great roads, canals and extensive docks which were everywhere establishing with as much spirit and activity as in a time of the most profound and prosperous peace, he inferred the state of the industry and enterprise of the country was such as to enable the nation to support the
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burdens it had to bear."

In the latter part of 1814 and the first part of 1815 the British export trade was very great, and this, of course, meant marked activity in industry. Regardless of the agricultural depression which had set in, Britain was more prosperous, at this time, than she was to be for many years to come.

(1) ANNUAL REGISTER, 1810, p. 117 - 118.

CHAPTER IV

THE DEPRESSION AFTER WATERLOO

Waterloo brought to an end England's long military contest, but almost immediately the nation found itself struggling with domestic difficulties in the attempt to overcome the distress and discontent brought about by stagnant industries and exhausting taxation.

Despite the great exporting activity in the kingdom, in the first part of 1815, an agricultural depression had set in, to the dismay of the great land owners, who had been reaping the benefit of the increased productivity of the land. Scientific farming much in favour since the beginning of the century, had meant farming on a large scale. Wealthy men bought up great tracts of land and rented small portions to tenant farmers. More grain was grown but the small cultivator suffered. An article, "The Poor", QUARTERLY REVIEW, April, 1816, said on this subject:

"The improved system of farming has lessened the comforts of the poor. It has either deprived the cottager of those slips of land which contributed greatly to his support, or it has placed upon them an excessive and grinding rent."⁽¹⁾

Referring to the rise in rent Porter said:

"In the county of Essex farms could be pointed out which were let just before the war of the French Revolution at less than 10s. per acre, and which rose rapidly during the progress of that contest, until

(1) The Poor, QUARTERLY REVIEW, April, 1816, p. 187.

in 1812, the rent paid for them was from 45s. to 50s. per acre, . . . in 1818 the rent was reduced to 35s. . . . In Berkshire and Wiltshire there are farms which in 1790 were let at 14s. per acre, and which in 1810 produced to the landlord a rent of 70s., being a five-fold advance. These farms were let in 1820 at 50s.,

"In Norfolk, Suffolk, and Warwickshire, the same, or nearly the same, rise has been experienced; and it is more than probable that it has been general throughout the kingdom."⁽¹⁾

Thus, even after the cessation of war, rents remained very high. A reason for this was the heavy taxation which owners of land had to bear. In 1815, J. B. Say wrote:

"We shall not be far from the truth in asserting that the government consumes one-half of the income produced by the soil, the capital, and the industry of the English people."⁽²⁾

In an article, "British Finances", in the EDINBURGH REVIEW, October, 1815, it was said:

"For nearly three and twenty years we have been fighting to our hearts content all over the world; . . . (and with success)

"To expect so much gratification for nothing; so many fine speeches, flourishing dispatches, beautiful processions, illuminations and dinners, impressive odes, newspaper paragraphs and firing of guns - all for

(1) Porter, G. R., PROGRESS OF THE NATION, Ch.I, Sect.II, p. 153 - 154.

(2) Quoted by Knowles, L.C.A., THE INDUSTRIAL AND COMMERCIAL REVOLUTIONS IN GREAT BRITAIN DURING THE NINETEENTH CENTURY, p. 120.

nothing; would be unreasonable in the extreme. Besides we have saved Europe; and that must cost money.

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"The war taxes amount now to above 25 millions, Indeed we have the Chancellor of the Exchequer's admission in 1813 that, before that time, above 200 millions of war taxes had been paid this war. Since he said so, 70 more have been paid; so that 270 millions have been raised exclusive of all that was levied last war.

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"The funded debt before the year 1793 was 238 millions and a quarter, in round numbers By the last returns, February, 1815, the debt was above 1093 millions and a half;" ⁽¹⁾

As to the landed class, the article said:

"At present the land-owner and farmer are distressed because grain is cheap while everything else is dear. The price of everything which the landed interest buy is made up more than half of taxes," ⁽²⁾

In the preface of the ANNUAL REGISTER, 1815, it was said:

"Great Britain has found it necessary to retain a standing army of a magnitude wholly unparalleled in any former period of nominal peace. This measure, the necessity is ascribed partly to the unsettled state of France, and partly by the additions made by conquest to the British Empire, has effectually prevented any alleviation of the public burdens during the present year, or the immediate prospect of it for futurity." ⁽³⁾

(1) British Finances, EDINBURGH REVIEW, October 1815, p. 541 et seq.

(2) Ibid.,

(3) ANNUAL REGISTER, 1815, Preface, p. 5.

L. C. A. Knowles, a modern economist, has pointed out that articles of consumption were taxed heavily after 1815 because repeal of the Income Tax, in that year, meant that fourteen million pounds of revenue had to be supplied by another method.⁽¹⁾ In reference to further difficulties, she referred to Lowe:

"Lowe, writing in 1822, (STATE OF ENGLAND - p. 62) reckoned that two or three hundred thousand men had returned from the war to be re-absorbed in industry; he also considered that no less than 100,000 domestic manufacturers had lost their work through the cessation of the demand for army clothing and armaments."⁽²⁾

By the end of the year the depression had spread from farming to commerce and manufactures. The ANNUAL REGISTER, 1815, said in the preface:

"A temporary activity, given to commerce by the renewed intercourse with the American States, revived several branches of manufacture from the decline into which they had fallen, and excited flattering expectations, but, as usual in such cases, the supply much exceeded the demand: the markets were overstocked; great quantities of goods lay unsold or unpaid for, and commercial failures were the consequence. The commercial distresses were unfortunately coincident with extraordinary difficulties under which the agricultural part of the community was labouring, occasioned by a reduction in the price of corn and other products of the ground, rendering the cultivation wholly unable to indemnify themselves for greatly advanced rents, and augmented taxes. From these conjoint causes, there has rarely been a

(1) Knowles, L.C.A., THE INDUSTRIAL AND COMMERCIAL REVOLUTIONS IN GREAT BRITAIN DURING THE NINETEENTH CENTURY, p. 120.

(2) Ibid , p. 121.

time of more widely-diffused constraint than the close of the current year; and all the triumphant sensations of national glory seem almost obliterated by general depression. Peace, although a consummation long anxiously looked for, was scarcely welcomed; and the deficiencies in the usual employments and demands in war were more perceptible than the diminution of its expenses."⁽¹⁾

It was suggested that what the country needed was the exercise of "patience, prudence, and economy."⁽²⁾

In another place in the ANNUAL REGISTER, 1815, it was stated:

"The still unsettled condition of Europe, and the financial embarrassments which pressed upon many of its States, in consequence of past disasters, impeded the return of the British commerce to its usual channels, and promoted a spirit of vogue speculation, which after the American market was fully stocked, occasioned numerous failures; . . .

". . . and the number of farms thrown up (near the close of the year), in consequence of the insolvency and despair of the occupiers, was truly lamentable."⁽³⁾

It is evident that the tax on the importation of corn, which was re-imposed in March 1815, had not ended the agricultural depression. From 1813 to 1815 only a nominal duty of 6d. per quarter had been levied; but increased availability of foreign grain, and abundant British harvests had been used as a reason for protecting the home farmers.⁽⁴⁾

The year 1816 brought no relief. The writer of "Corn and Money" in the EDINBURGH REVIEW, February 1816, thought all the troubles of the time

(1) ANNUAL REGISTER, 1815, Preface, p. 6.

(2) Ibid.

(3) ANNUAL REGISTER, 1815, p. 144.

(4) COMMERCE AND INDUSTRY, Edited by William Page, p. 22 - 23.

could be traced to wars. He said:

"There can be no doubt that all the evils of which we complain have their origin in war. They are the natural consequences of that system of vexation and violence which has too fatally prevailed in the world for the last thirty years, under which the resources of natural prosperity have been squandered with a prodigality with which no process of peaceful industry could possibly keep pace; and which, now that it has been succeeded by a period of doubtful and gloomy tranquillity, has left England, in general, in a state of comparative poverty and distress.

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"For several years past the immense annual contribution of between sixty and seventy millions has been collected in Britain for the public service; and the renovating power of industry, assisted as it is with all the refinements of art, can scarcely provide resources to answer such exorbitant demands. Taxation is now pushed to such an excess in this country, that it begins to encroach on capital; and new and more severe methods of exaction are at the same time resorted to. The system is thus beginning gradually to lose the character of fair and equal contribution; and taxes are imposed, not because they are equitable - but because they will be productive.

"Rem, si recte possis; si non, quocumque modo, rem. This extravagant taxation is the weight which pulls the country down - which slackens the pace of commerce and industry, by abstracting the funds destined for their support, and which finally tends to deaden the active principle of exertion by which nations, in spite of the prodigality of their rulers, are borne forward in a course of continual improvement."⁽¹⁾

(1) Corn and Money, EDINBURGH REVIEW, February, 1816, p. 135 et seq.

Turning to agriculture the same writer said:

"From the low price to which the produce of the land has gradually fallen, the farmers are almost universally in a state of incapacity to pay their rents; the landlords, in consequence of the enormous depreciation of their property, and in many cases from a loss of capital employed in cultivation, are equally embarrassed; and altogether agriculture of the country has fallen into a state of depression wholly unexampled."⁽¹⁾

Charles Western, an authority on agriculture, told the House of Commons that a redundant supply of wheat was the real cause of all the evils existing in 1816.⁽²⁾

The writer of, "Distresses of the Country", EDINBURGH REVIEW, June, 1816, was not so sure of the cause of the slump. He said:

"At no former period of the history of this country was so great and so general a distress ever known to prevail as that which has lately visited us and of which the pressure unhappily still continues. The sufferings of the people during the scarcities of the years 1796 and 1800 were partial and provisions were dear, work was not scarce, nor was the charity of the upper orders of society cramped in the means of relieving the wants of the poor. The distresses of 1810 were confined to the class of mercantile men; and, even among them, those persons only suffered who had indulged more or less in speculation. The exclusion of our manufactures from the continent in 1812 and the rupture with America produced a more general depression in Public affairs: But the land did not suffer directly and immediately; and the revocation of the Orders in Council and the abandonment of the system out of which they had sprung, operated an almost instantaneous relief; which, being

(1) Ibid.

(2) HANSARD, First Series, Volume 33, 36.

Followed by an abundant harvest and the destruction of the French continental system, effectually relieved the labouring state of our national resources.

"During the last twelve or eighteen months however the country has been suffering severely in every direction; in its agriculture and its manufactures; its home trade and foreign commerce. The return of peace after unexampled victories has brought no relief but has rather confirmed our apparent ruin; and all classes of men more or less feel the effects of some hidden rottenness in our system, the causes of which no one seems able to discover, much less to remove." (1)

The author of this article thought that industry had been affected by monetary policies. The Bank of England had drawn in some of its inconvertible bank notes and in regard to this he stated:

"With the period of greatest agricultural supply, of extreme commercial depression and of sudden diminution of the demands arising from Government contracts and war expenditure generally, an event coincided, which was calculated to increase all the burdens pressing on the cultivator, we allude to the rapid change in the state of the currency and the stoppage of all accommodation.

"The Bank of England almost at once drew in its issues of paper to the amount of three million below what they had been upon an average of some years; for at one period they had six millions higher. The country banks, now under the influence of alarm,- lessened in a much greater degree their usual discounts. All classes of speculators felt this sudden and unexpected change severely; but most especially speculators in land, who had been led into their operations and supported in them by the extreme facilities

(1) Distresses of the Country, EDINBURGH REVIEW, June, 1816, p. 255 et seq.

afforded by dealers in money and credit during the late times." (1)

Reference was made to the fact that Brougham had claimed that the limitation of discounts by the banks had made it very hard for those who were using borrowed money to improve their land. (2)

In 1816 Brougham spoke, in Parliament, on the distress of the nation. Emphasizing its severity he said:

". . . the petition from Cambridgeshire, presented at an early part of this evening, has laid before you a fact to which all the other exhibitions of distress afforded no parallel, that in one parish, every proprietor and tenant being ruined, with a single exception, the whole poor rates of the parish, thus wholly inhabited by paupers, are now paid by an individual, whose fortune, once ample, is thus swept entirely away." (3)

Considering the causes of the slump, Brougham added:

". . . I am certainly disposed to rank the great extension of cultivation among the principle causes or at least to regard it as lying near the foundation of the mischief." (4)

As to the country's trade Brougham stated:

"After the cramped state in which the enemy's measures and our own retaliation (as we termed it) had kept our trade for some years, when the events of spring 1814 suddenly opened the continent, a rage for exporting goods of every kind burst forth . . . Not only clerks and labourers but menial servants engaged the little sums which they had been laying up for a provision against old age and sickness; persons went around tempting them to adventure

(1) Ibid.

(2) Ibid.

(3) HANSARD, First Series, Volume 33, 1086 et seq.

(4) Ibid.

in the trade to Holland and Germany and the Baltic; they risked their mite in the hope of boundless profit; . . . the bubble soon burst . . . English goods were selling for much less in Holland and the north of Europe than in London and Manchester; in most places they were lying a dead weight without any sale at all and either no returns whatever were received or pounds came back for thousands that had gone forth . . . ; but the result of the whole has been much commercial distress, . . . a prodigious diminution in the demand for manufactures, and indirectly, a serious defalcation in the effectual demand for the produce of the land." (1)

According to an article on "The Poor" in the QUARTERLY REVIEW, April, 1816, the change from war to peace was responsible for the depression. It was claimed:

" . . . no political change from peace to war, or war to peace, can occur without immediate inconveniences and injury to some branches of the community" (2)

Peace was said to mean a period of transition:

"The war, a customer to the amount of more than fifty millions annually left the markets - it would be absurd to ask whether or not this must affect the innumerable persons who were employed in providing the articles which it required. The extent to which machinery has been carried has thrown many hands out of employment at home; and the use of that machinery which was at one time almost exclusively our own, and most of which is of our invention, has been introduced abroad; both inevitable consequences of the improved state of knowledge. The continental nations have learned to manufacture many articles

(1) Ibid.

(2) The Poor, QUARTERLY REVIEW, April, 1816, p. 189 et seq.

of necessity for themselves, for which they formerly were in a great degree dependent upon us; and they have no money to spare for articles of luxury;- they have suffered too much during twenty years of warfare and oppression. To these causes must be added what is perpetually operating as a cause of partial distress, the fluctuation of our own capricious fashions, which, as they vary from muslins to silks, and from silks to stuffs, injure alternately the looms of Glasgow and Manchester, of Spitalfields and of Norwich." (1)

This article said, in reference to the state of the people: "The sum of existing wretchedness is not to be numbered", and again:

" 'The national debt', says Sir Thomas Bernard, 'with all its magnitude of terror is of little moment when compared with the increase of the poor rates. In that instance what is received from one subject is paid in a greater part to another; But the poor's rate is the barometer which marks, in all the apparent sunshine of prosperity, the progress of national weakness and debility;' " (2)

The article pointed out that, judging by this test, England was far from prosperous because the poor rates amounted to over five million pounds and "more than 700,000 persons were enrolled in benefit societies." (3)

The poor were becoming restless by the end of the year. The ANNUAL REGISTER, 1816, said, in its preface:

"During the early part of the year the distress had appeared particularly confined to the agricultural labourers, at least the evils pressing upon them were those which had almost exclusively engaged the attention of the parliamentary speakers. But as the season advanced and an unusual inclemency

(1) Ibid.

(2) Ibid.

(3) Ibid.

of weather brought with it the prospect of a general failure in the harvests of Europe, and a rapid rise in the corn market, much more serious distress burst forth among the manufacturing poor who began to murmur that their reduced wages would no longer satisfy them with bread," (1)

Parliamentary reform was urged in the hope that a better representation of the people would result in improved administration and better conditions generally. The writer of "Parliamentary Reform", which appeared in the QUARTERLY REVIEW, October 1816, said:

"We have before us the resolutions of sundry meetings held in the city of London to consider the propriety of petitioning the Prince Regent and the Legislature for a reform in Parliament - The resolutions from Bishops-gate assert that the people are 'goaded with an army of remorseless tax-gatherers, urged on by the cravings of a rapacious, oppressive and imbecile administration.

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'A full, fair, and free representation of the people, and parliaments of short duration, will immediately tend to restore the country to health, happiness, and vigour' " (2)

The article also gave the words of a country orator at a mob-meeting. The man had cried:

"We asked bread and they gave us a stone, by voting so many thousands for a monument to commemorate that fatal day Waterloo." (3)

Considering the depression this article said:

(1) ANNUAL REGISTER, 1816, Preface, p. IV.

(2) Parliamentary Reform, QUARTERLY REVIEW, October 1816, p. 245 et seq.

(3) Ibid.

"No city in the kingdom is at this time experiencing such difficulty and distress as Birmingham; for this obvious reason, that no other place received so much direct employment from government during the war. This great annual expenditure was suddenly withdrawn and there are now nearly a fifth part of the population receiving weekly relief; the masters being no longer able to employ the men, very many indeed having been ruined themselves. This is a deplorable state of things but it has not been occasioned by any misconduct or impolicy; it is the plain unavoidable consequences of events over which no man or body of men could have any control. In such a case what is to be done? Any man who is not either a madman or a villain must see that there is but one course - to mitigate the evil by giving as much temporary relief as possible till new means of subsistence can be provided by opening new channels of employment." (1)

The PAMPHLETEER, 1817, contained a pamphlet written in 1816, by Mr. Richard Preston, M.P., "On the state of the Nation". Mr. Preston said:

"The sale price of Land and of Houses is reduced in more than a relative proportion with the Rental: Some of the best Estates in the kingdom are selling at a depreciation of £50. per cent. One of the finest grass farms in Somersetshire sold lately at ten years purchase.

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"In the last three years the depreciation of farm produce has not been less than ninety millions a year or £2. an acre on 45,000,000 acres. The abstraction of this sum from the cultivation and from the proprietors of the soil, and in the end from the labourers has brought them into the

(1) Ibid.

state of ruin in which they are now involved. The absence of this amount in the circulation of money is the result of low prices and has produced a stagnation in our manufactures and brought ruin on almost every class of the community." (1)

Considering J. B. Say's work, ENGLAND AND THE ENGLISH PEOPLE, the reviewer in the QUARTERLY REVIEW, July, 1816, noted:

". . . . he (Say) assures us that our manufactures obtain little success in the great markets of Europe; that if corn does not rise in price the agriculturists and the landholders must be ruined, and if it does, that in that case, commerce and manufactures will be destroyed;" (2)

Some of the English workers also failed to see any relief approaching and were eager to effect changes by force. The ANNUAL REGISTER, 1816, reported disorderly meetings of reformers in Norfolk, Suffolk, Huntingdon and Cambridge, and on insurrection on the Isle of Ely. (3)

"Commercial Distresses of the Country", an article printed in the EDINBURGH REVIEW, December, 1816, gave a doleful picture of the state of Britain at the end of the year. It said:

"One universal cry of distress is heard throughout the land. Nor is it particular branches of industry that have decayed; but every species of industry is at a stand." (4)

The article went on to show how this had come about, by sketching Britain's commercial history in the more recent past. It was pointed out:

"Great Britain became a vast storehouse for the productions of

(1) Preston, R., State of the Nation, PAMPHLETEER, 1817, Volume IX, p.126 et seq.
(2) Works on England, QUARTERLY REVIEW, July, 1816, p. 545.
(3) ANNUAL REGISTER, 1816, p. 93.
(4) Commercial Distresses of the Country, EDINBURGH REVIEW, December, 1816, p. 373 et seq.

industry; and her commerce consisted generally in the exchange of her finished work for the rude produce of other countries deficient in capital and manufacturing skill. Such, previous to its late interruption, was the commerce carried on with the countries in the North of Europe, with Russia, Poland, Sweden and Denmark. An immense supply of manufactures was also afforded by this country to the markets of Germany - and our exportations to America had been rapidly increasing ever since the close of the American war.

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"In this manner the commerce of Britain had expanded beyond the bounds of its own narrow ties and had adopted itself to the supply of the world. All her manufacturing establishments were laid out upon this enlarged scale; the whole scheme of her industry was accommodated to it;

. . . . this vast commerce was suddenly pent up, partly by a train of ill-concerted measures at home, and partly by the policy of the enemy abroad, within the narrow bounds of the British territory all those manufactures which depended for support on the foreign market were suddenly checked. The demand was no longer adequate to support them;

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"Other causes may have concurred in producing the general distress of the country. But it can scarcely be doubted that the calamity originated in the rigorous prescription of our trade, both in America and Europe." (1)

Turning again to conditions in 1816, the article continued:

"The country is overloaded with superfluous goods for which its merchants can find no outlet; and hence their eagerness to pour them into

(1) Ibid.

every market, without any nice calculation of consequences.

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"The markets both of America and Europe have been since opened, under certain restrictions, to the commerce of Britain; but industry still continues to languish; and the cause of this seems to be, that the general consumption has not yet been able to relieve the country from the excessive accumulation of its produce.

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"Those goods (British) have been poured into the markets of America and Europe in spite of restrictions and heavy duties; Such was the state of British commerce - so thoroughly was it adapted to the supply of its extensive markets - and such a vast capital was irrevocably sunk in this peculiar channel of industry, that, even after the demand abated, the production necessarily continued for some time and it could scarcely ever be brought down to the level of consumption. If a partial increase of demand occasioned the least void in the stock on hand it was instantly replenished by a new supply; and this dull and discouraging industry the manufacturers were partly enabled to continue, from the extreme lowness of wages, which in most cases were scarcely equal to the purchase of bare necessities. Even at this low rate of wages the manufactures for the foreign market are still continued; and although we suppose the quantity produced to be inferior to the quantity consumed, it may be a considerable time before this excess of consumption reduces the supply to the level of the demand. Until this period, however, our commerce and industry must be in a languishing condition."⁽¹⁾

Restricted foreign trade was not the sole cause of the depression,

(1) Ibid.

however, according to this article, for it was concluded:

"But, though . . . the suspension of intercourse between commercial States seems to have been the main cause of the distress which prevails, it has been powerfully assisted by other causes. Of these perhaps the most important are the decline of agriculture and the increase of taxation."⁽¹⁾

At the opening of the Parliamentary session in January, 1817, economic matters were considered with much gravity. The Prince Regent spoke of the distress of the country.⁽²⁾ Earle Grey preached national economy.⁽³⁾ Canning said that he refused to lose his faith in England, that she would overcome her difficulties.⁽⁴⁾

As the year progressed the members of Parliament continued to devote much of their attention to the problem of the depression. Remedies were proposed in the form of relief, retrenchment, free trade, and parliamentary reform.⁽⁵⁾ Both Houses of Parliament had to deal with a great number of petitions for universal suffrage and Parliaments of shorter duration.⁽⁶⁾ The maintenance of useless offices by the Government also called forth much criticism from the people.⁽⁷⁾

In reporting Lord Liverpool's address in Parliament, on February 24, HANSARD said:

(1) Ibid.

(2) ANNUAL REGISTER, 1817, p. 2.

(3) Ibid., p. 3 - 5.

(4) HANSARD, First Series, Volume 35, p. 135.

(5) INDUSTRY AND COMMERCE, Edited by William Page, p. 34.

(6) Ibid.

(7) Ibid., p. 35.

"The real causes of the distress would open too wide a field of discussion, if he were to attempt to argue them; by some they were considered as belonging to a transition from a state of war to a state of peace; by others they were referred to our paper currency; and by others to the great extent of taxation. But he must own of all causes that could be assigned the last he expected to hear was the peace of 1814 and 1815. . . . He said our trade and manufactures were never so extensive as during the two first years of peace. . . . and the real cause of the present depression was the immense exportation that had taken place and the consequent glut of the foreign markets. In fact the origin of our distresses was to be traced to a cause totally different from our foreign trade; it was to be traced to the distress of our agricultural interests which had no connection whatever with our foreign trade."⁽¹⁾

Brougham, addressing Parliament in March, made a detailed survey of conditions in England after the war, describing the deterioration of various industries. For instance he pointed out:

"Now it is shown by a comparison of the years 1815 and 1816 that there was a falling off in the shipping employed during that latter year of 826,000 tons or nearly 5,000 vessels."⁽²⁾

The clothing trade, said Brougham, was not so badly off, on the whole, as others because the markets abroad were not overstocked with clothing.⁽³⁾

But as to the iron trade, Brougham remarked that in Birmingham:

"In a population of 84,000 souls about 27,500 receive parish relief."⁽⁴⁾

(1) HANSARD, First Series, Volume 35, 569 - 570.

(2) HANSARD, First Series, Volume 35, 1004 et seq.

(3) Ibid.

(4) Ibid.

Continuing he said:

"The people engaged in the iron trade may be divided into four great classes; the miners and others employed in getting raw material; the persons employed in manufacturing arms; the nailers; and the common artificers. The first of these classes, who in 1810 received from 18 s. upwards, as far as two guineas a week, get now from 10 s. to 18 s.; the second who received still higher, I might say even exorbitant wages, from the demand occasioned by the war, now get only 7 s. 6 d., when they are employed at all; the nailers, who are better off than most classes, yet earn no more than 8 s. or 9 s. instead of 12 s. or 15 s.; while the common artificers are working at a shilling a day. But in all these classes, the women and children, who used to earn so much as nearly to double the gains of the able workmen, are now wholly unemployed." (1)

Turning to the cotton spinners and weavers, Brougham noted that their plight was even worse than that of the iron workers. Weavers in 1800 had received an average weekly wage of 13 s. 3 d. but in 1816 this had fallen as low as 5 s. 2 d. and in 1817 had dropped to 4 s. 3½d. (2)

Brougham also stated that those thrown out of work by the introduction of machinery could find no other jobs. (3)

This statesman was inclined to attribute much of this distress to the effects of Britain's system of protecting her industries by duties. He thought that there was a lot of money "in the market of stocks, floating debt, and discounts" only because it could not find employment in trade, which was being injured by "vestiges of the mercantile system." Attacking the "sound

(1) Ibid.

(2) Ibid.

(3) Ibid.

statesmen" who upheld protection, he said:

"With these sage instructors of almost every administration it is a maxim, equally sacred and profound, that too much can hardly be done to encourage importation of all kinds and from all countries. The old mercantile system has long been exploded; but these wise personages, having been born and bred up in it, seem to have caught hold of its last plank, to which they still cling with all their might, perpetually conning over its grand motto - 'All trade and no barter; all selling and no buying; all for money and nothing for goods.' Yet, marvellous to relate, the practical results of this extirpated heresy are interwoven with our whole commercial policy and may be traced in broad characters through every volume of the statute book down to the last. Year after year we have proceeded under the auspices of our wholesome, practical, sound, national statesmen, until we now find ourselves, as might naturally be expected, deprived of most of the great staples of foreign commerce."⁽¹⁾

Brougham remarked on the prohibition of the importation of iron and timber from the regions of the Baltic and the consequent loss of a market for British exports. He continued:

"We used to export 4 or £500,000 of our manufactures, annually, to Norway; that vent, I understand, has now ceased. . . . A similar prohibition of foreign copper has cut us off from one of the principle articles of South American produce."⁽²⁾

Summing up the argument Brougham declared:

"Surveying then the derangement which pervades every branch of the

(1) Ibid.

(2) Ibid.

public economy; seeing how our trade is cramped by the short-sighted operations of an unenlightened and senseless policy, . . . we may assuredly affirm that there never was a period in the vicissitudes of our fortunes when British commerce might, with so much truth, be said to labour for its existence."⁽¹⁾

Brougham suggested that Britain cultivate the South American trade.⁽²⁾

However not all the speakers in Parliament were as gloomy as Brougham. HANSARD, reporting the words of Mr. C. Grant, Junr., said:

"It could not be denied that distress existed, but it ought to be admitted that it was considerably less than it had been a short time back. . .

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"The one great cause in which the present distress originated was the cessation of the demand from our foreign customers. We had for a long time the almost exclusive supply of the foreign market. but this was now cut off, or at least checked, by the poverty of those whom we before supplied. Of course the commodities which they formerly consumed were now returning upon our own home market which was already glutted by the quantity on hand Another great source of commercial distress was the cessation of home consumption and this arose from the want of means occasioned by temporary causes."⁽³⁾

Mr. Grant said that the wool and cotton manufactures were showing improvement and the Glasgow weavers were suffering less.⁽⁴⁾

(1) Ibid.

(2) Ibid.

(3) HANSARD, First Series, Volume 35, 1095.

(4) Ibid., p. 1061.

Another member who spoke during this discussion in the House of Commons thought that low wages had caused all the trouble but agreed that the state of industry was somewhat improved. HANSARD gave this speaker's address, in part, as follows:

"Mr. Finlay did not agree with those who supposed the distress of the country proceeded from a diminished demand for our manufactures. The goods brought to market by the manufacturers were disposed of, but the evil lay in the low state of wages. This, he believed, was an evil experienced all over Europe. An honourable baronet, in a former debate had represented the situation of this country as worse than any other in Europe; but that, he was confident, was not the case. In France, in Switzerland, in Austria, Saxony, and every part of Germany, the greatest distress was felt. This state of things, he thought, was occasioned almost solely by the change from war to peace, which sent back to their home great numbers of men who had been engaged in military pursuits. When the prices of labour became thus reduced, the workman found it necessary to work a greater number of hours to enable him to maintain his family; and this additional work threw a new quantity of labour into the market and aggravated the distress. An improvement however had taken place in the manufacturing districts; and when that improvement should advance a little farther the situation of the cotton manufacturers would no longer be a subject of complaint."⁽¹⁾

Lord Castlereagh also had faith in the future, at this time, and said he looked forward to a renewed demand, for English products, and increased wages. He thought that at least the depression had taught economy and temperance:

(1) HANSARD, First Series, Volume 33, 1064.

"The excessively high rate of wages during some of the flourishing periods of our manufacturing industry, he was convinced, contributed neither to the morals, to the health, nor to the happiness of the people. They were apt to engender habits of extravagance, to produce irregularity, and to operate against temperance and economy. If the present calamity did nothing else but correct the disposition thus fostered and strengthened, it would effect an ultimate benefit." (1)

The Chancellor of the Exchequer thought that England was only sharing in an European depression. In giving an account of his Budget Speech, in 1817, the ANNUAL REGISTER said:

"A great part of the public distress arose, not from any derangement in our domestic affairs, but from the general state of Europe. At a time when all over the continent many were struggling for the mere necessities of life, it was not to be expected that there could be a great demand for our manufactures. This country, fortunately, had not been reduced to so low a state as some others had, but we could not expect to escape without sharing in the general calamity." (2)

It is apparent that, regardless of the occasional note of optimism in the speeches quoted, England suffered severely from depressed industries in 1817. The agricultural depression continued and Robert Preston dealing with "The Corn Laws", an article included in the PAMPHLETEER, 1817, said: "The time is now arrived when ruin is at the door of the agricultural interests." Preston was strongly in favour of protection for English farmers. (3)

Poverty was causing increased unrest among the English working class. Parliament considered that the attitude of at least a portion of the people

(1) HANSARD, First Series, Volume 35, 1065 et seq.

(2) ANNUAL REGISTER, 1817, p. 91.

(3) Preston, R., The Corn Bill, PAMPHLETEER, 1817, Volume X, p. 252.

had become menacing, and after some rioters had attacked the Prince Regent,⁽¹⁾ the Habeas Corpus Act was suspended, following a fairly short debate on the action.⁽²⁾ The Hampden Clubs, the Union Clubs, and the Spencian Philanthropists, organized to aid in bringing about political reform, were suspected of wishing to use force,⁽³⁾ but no revolt broke out.

Indeed the depression lifted somewhat, towards the end of 1817. Wyndham Quin stated, at the opening of Parliament, in January, 1818, that conditions had improved and wages were higher. The price of iron had increased from £9 to £15 a ton, for instance, and there was a greater demand for linen. A restoration of confidence had resulted.⁽⁴⁾ Quin said: "The country, if I may so express myself, feels an increased circulation in every artery, in every channel of its commerce."⁽⁵⁾ The Habeas Corpus Act was restored, early in the session.

Foreign trade revived to some extent in this year. Thomas Tooke, writing at a considerably later date, considered England's imports in 1818 as compared to 1816 and said there was "a doubling of the whole quantities of imported colonial and foreign produce, after deducting the quantities exported."⁽⁶⁾ In discussing the increased prices of 1817-1818, however, this economist claimed that "to the bulk of the population those rising markets were the occasion of privation and suffering."⁽⁷⁾

At any rate the people of England got no relief from heavy taxation.

(1) ANNUAL REGISTER, 1817, p. 3.

(2) Ibid, p. 23 et seq.

(3) Ibid., p. 20 - 21.

(4) HANSARD, First Series, Volume 37, p. 23 et seq.

(5) Ibid.

(6) Tooke, Thomas, A HISTORY OF PRICES, Volume II, p. 62.

(7) Ibid., p. 27.

In an article, "The Poor Rates", in the PAMPHLETEER, 1818, R. Preston said:

" . . . the poor-rate has increased from an expenditure of about two millions (at the end of the war with America) to ten millions a year; and the national expenditure, including the dividends to the public creditor, has increased from about ten millions to a sum little if anything short of seventy millions a year."⁽¹⁾

Whatever prosperity existed in 1818 was short-lived, for by the next year Britain was again suffering from a generally depressed industry and commerce. Activity was followed by stagnation. Addressing the House of Commons, in February, 1819, Mr. Ellice claimed that the large trade in 1818 had been a result of the issue of exchequer bills and of the loans from the Bank, both made under the direction of the Chancellor of the Exchequer. The speaker then noted the results. The following is a portion of the account of this speech, given by HANSARD:

"The exportation had been so great that there was not a market in Europe or America where British manufactures could not be bought cheaper than in this country. There had been a fall in all commodities of 20 or 30 per cent. Why had they been reduced in price? In consequence of the change of circumstances produced in our money market. Those who had lent money to the merchant now called for it again. The consequence was that he was forced to bring his commodities to market at a time when money was scarce We had had money in plenty and manufactured goods were in great demand because there was a plentiful supply of money. Then came a scarcity, and then a depression of our manufactures. Look at the present state of the country. There was not a manufacturer in Coventry, who by working fourteen or fifteen hours a day, at present could

(1) Preston, R., The Poor Rates, PAMPHLETEER, 1818, Volume XI, p. 552.

earn more than six shillings a week. The master gave the workman a certificate that he had worked such and such a time, and the man went regularly to the parish for the remainder of his subsistence."⁽¹⁾

Thomas Tooke has explained the fall in prices as follows:

". . . . the very great increase of the importation at the close of 1818, and the very high prices which then prevailed, and which could only be justified by the previous scarcity, led inevitably, supposing a perfectly uniform state of the currency, to a great fall in prices in 1819; and the continued abundance of supplies accounts fully for a low range, with a tendency to a continued fall, to the close of 1822."⁽²⁾

Falling prices were of no benefit to the many workmen whose wages had more than proportionally decreased or who were totally unemployed. Suggested remedies, such as that of the Chancellor of the Exchequer, who urged emigration to the colonies⁽³⁾, were not good enough and the people became violent. As recounted in COMMERCE AND INDUSTRY;

"From the papers laid before both Houses and the debates upon them it appears that distress in the manufacturing districts was very severe and distress led to sedition. The poor weavers of Manchester, Glasgow, Paisley and other districts, with wages varying from 2 s. 6 d. to 5 s. a week and the miseries of an early winter accompanied by hunger and cold before them, were easily led by the plausible appeals of agitators. . . . Weekly meetings were held by the 'Radical Reformers', as they were termed, throughout the manufacturing towns."⁽⁴⁾

(1) HANSARD, First Series, Volume 39, 381 - 382.

(2) Tooke, Thomas, A HISTORY OF PRICES, Volume II, p. 116.

(3) ANNUAL REGISTER, 1819, p. 87.

(4) COMMERCE AND INDUSTRY, Edited by William Page, p. 46 - 47.

The "Manchester Massacre", in August, climaxed the agitation for political reform in 1819, but the state of the country remained disturbed. (1)

There may have been some consolation in the fact that other nations were no more prosperous than England, although their poverty had a direct and evil effect on English trade. In the "Commercial Report" in BLACKWOOD'S MAGAZINE, October 1819, it was remarked:

"Depressed as is our trade, that of every other country is worse; and the accounts from those foreign markets on which our commerce chiefly depends is gloomy and depressing indeed." (2)

A feeling of panic was engendered. It was stated in the same periodical, in December:

"The alarming situation of all the manufacturing districts has put a complete stop to business. In extensive districts of the country it is completely suspended and terror and alarm now occupy the minds of thousands." (3)

In February, 1820, BLACKWOOD'S MAGAZINE gave a survey of the previous year:

"The year 1819 may fairly be set down as the most disastrous in commercial annals of Great Britain. The losses have been severe and the depreciation of property very great. We do not overrate it at one-third, on an average, on all mercantile commodities. . . . Many years will not (though crowned with prosperity) repair it. The causes which produced this sad crash are numerous, but the greatest and most destructive proceeded from the still more unfortunate situation of those foreign nations with which we carried on

(1) Ibid., p. 47.

(2) Commercial Report, BLACKWOOD'S MAGAZINE, October, 1819, p. 108.

(3) Commercial Report, BLACKWOOD'S MAGAZINE, December, 1819, p. 351.

the most extensive branches of our trade The agitation of the bullion question ⁽¹⁾ last year, which occasioned a reduction of our circulating medium did great mischief and rendered much more fatal those inevitable evils which were pressing forward against the commercial world. The unbounded spirit of speculation - the rashness and ignorance displayed in the search of a market - and the distressed state of almost every nation, from a war of unprecedented length, ferocity, destruction and expense, all conspired to hasten a catastrophe such as the commercial world had never witnessed and will not soon forget." ⁽²⁾

There was some improvement in the year 1820, BLACKWOOD'S MAGAZINE, November, 1820, noted:

"The manufacturing districts are decidedly more prosperous, and for the labouring population, compared with this period last year, the improvement is very considerable." ⁽³⁾

However the glutted grain markets, which had harassed farmers throughout 1818 and 1819, were not a thing of the past and in December, 1820, BLACKWOOD'S MAGAZINE remarked:

"Any increase on the demand in foreign markets from export trade is more than counterbalanced by the misfortunes of the agricultural interests,

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- (1) A bill was brought into Parliament, in 1819, providing for, "a progressive return to cash payments firstly by payment of bullion at different prices and at several successive periods, beginning on 1 February 1820, and secondly by payments in cash beginning on 1 May, 1823." (See COMMERCE AND INDUSTRY, Edited by William Page, p. 43-44.)
- (2) Commercial Report, BLACKWOOD'S MAGAZINE, February, 1820, p. 591.
- (3) Commercial Report, BLACKWOOD'S MAGAZINE, December, 1820, p. 344.

but it is anticipated that next year will restore things to their proper level and give fresh life and vigour to all our establishments, agricultural and commercial. The political convulsions taking place in different countries are by no means favourable to the extension of our foreign trade." (1)

However prosperity came only gradually and in November 1821

BLACKWOOD'S MAGAZINE reported:

"The advices from the foreign markets are by no means cheering The agricultural interests in Great Britain are suffering so severely as to keep the home trade in a depressed and unprofitable state." (2)

However the ANNUAL REGISTER, 1821, although noticing the distress (3) of the farmers, gave a fairly cheerful account of industrial conditions. It said:

"The improvements which had begun, in the course of the previous year, to show itself in the state of our manufactures still continued. In Yorkshire and Lancashire, the seats of the woollen and cotton manufactures, the working classes found regular employment, and received a liberal remuneration for their labour. Other branches of internal industry were not equally prosperous. The iron trade was still in a very depressed state; and petitions setting forth the decay of the principal branches of Birmingham were, at an early period of the session, laid on the tables of both Houses." (4)

The agricultural depression persisted in 1822 (5) but the ANNUAL REGISTER, stated:

(1) Commercial Report, BLACKWOOD'S MAGAZINE, December, 1820, p. 344.
(2) Commercial Report, BLACKWOOD'S MAGAZINE, November, 1821, p. 483.
(3) ANNUAL REGISTER, 1821, p. 66.
(4) ANNUAL REGISTER, 1821, p. 69
(5) ANNUAL REGISTER, 1822, p. 98

"Though the rate of profit on manufacturing capital had fallen considerably, yet the general state of our manufactures was tolerably prosperous," (1)

In this year the Navigation Acts were amended to permit freer trade (2) and this may have aided English commerce.

At any rate the depression appears to have almost passed by 1823. The ANNUAL REGISTER reported:

"The country, in the beginning and throughout the whole of the present year exhibited the most unequivocal marks of a steady and progressive prosperity. Every branch of manufacturing industry was in a flourishing state. The cotton-wool, wrought up in 1822, exceeded the consumption of the preceding year by one-fifth; there was a considerable increase in the quantity of silks and woollen-cloths manufactured; and, in consequence of augmenting exportation, the demand for iron, hard-ware and cutlery was reviving from the state of stagnation in which it had been since the conclusion of the war. The shipping interest too . . . participated in the general improvement.

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"The agricultural distress had diminished in the course of the former year; but the effects of the by-gone change in the circumstance of many owners and cultivators of the soil were still felt in a degree strong enough to give a plausible pretext for complaint." (3)

In 1824, however, according to the ANNUAL REGISTER, there was no

(1) Ibid., p. 122.

(2) COMMERCE AND INDUSTRY, Edited by William Page, p. 58.

(3) ANNUAL REGISTER, 1823, p. 1 - 2.

justification for complaint:

"There was in the present year no diminution of that prosperity which the country had enjoyed throughout the whole of 1823. Even country gentlemen - the most querulous of all classes, the least accustomed to suffer, and the most incapable of struggling with difficulties, when difficulties present themselves - could no longer complain. The crisis was past, and its effects were every day less felt. All agricultural produce was slowly but steadily on the rise."⁽¹⁾

Thus there finally came to an end one of the most troublesome periods in British history and for a brief time the United Kingdom enjoyed economic activity and revelled in the blessings of prosperity.

(1) ANNUAL REGISTER, 1824, p. 1.

CHAPTER V

THE PERIOD FROM 1825 to 1860

In 1824 Britain had come out of a great depression, but her economic history for the next thirty-five years was not a tranquil one by any means. This chapter is an attempt to examine briefly the fluctuations, commercial and industrial, of these years.

The years 1824 and 1825 were full of financial and commercial activity in England. The ANNUAL REGISTER, 1824, said:

"The abundance of capital led to the formation of numerous Joint-Stock Companies - directed, some of them towards schemes of internal industry; others of them towards speculations in distant countries."⁽¹⁾

There was a "rage for speculation" in the mines of Mexico and South America.⁽²⁾

The author of an article, "South America", in the QUARTERLY REVIEW, June, 1825, thought that commerce between Britain and South America would be of mutual benefit. In reference to the States of South America he said:

"It may require time to shake off the inveterate habits of indolence invariably induced by a slave population, . . . a change, however, which cannot fail of being accelerated by a commercial intercourse with Great Britain and the influx and exports of British settlers in the several states of the South American continent."⁽³⁾

(1) ANNUAL REGISTER, 1824, p. 2.

(2) Ibid., p. 2.

(3) South America, QUARTERLY REVIEW, June, 1825, p. 125 et seq.

Industry became more productive. The author of "Past and Present State of the Country", an article in the QUARTERLY REVIEW, June, 1825, reported of the woollen trade:

"The woollen manufactures of the country have been gradually extended and improved for the last two centuries, but since the commencement of the reign of George III, their advance has proceeded with a rapidity that has no parallel in past times."⁽¹⁾

The same writer stated:

"The increased wealth of the middle class is so obvious that we can neither walk the fields, visit the shops nor examine the workshops and storehouses without being deeply impressed with the changes which a few years have produced."⁽²⁾

The ANNUAL REGISTER, for 1825, said that, in the early part of the year, "every branch of industry was thriving," and "agricultural distress had disappeared",⁽³⁾ but that speculation and straining of credit had resulted in a financial panic towards the end of the year. Concerning these financial troubles it was stated:

"In the beginning of December these embarrassments were at their height; and for some days the agitation in the city exceeded everything of the kind that had been witnessed for many years. Lombard-Street was nearly filled with persons hastening to the different banks to draw money, or waiting in anxious fear of hearing of new failures."⁽⁴⁾

(1) Past and Present State of the Country, QUARTERLY REVIEW, June, 1825, p. 160 et seq.

(2) Ibid.

(3) ANNUAL REGISTER, 1825, p. 2

(4) Ibid., p. 123.

By 1826 England was in the midst of another depression, and so ended the economic advance made throughout 1824 and 1825. In BLACKWOOD'S MAGAZINE, April, 1826, the situation was gravely considered in an article "Public Distress." It explained:

"Some years of suffering previous to 1824 and 1825 had greatly diminished production and the stock of most commodities, save agricultural produce, both here and in various other countries. In 1824 demand began to press somewhat on supply in most articles and of course prices began to rise. The recovery of agriculture from its long period of distress swelled mightily the demand for merchandise and manufactures, and this in return swelled greatly the demand for agricultural produce. The improvement here naturally produced a proportionate improvement in the nations with which we trade, and this carried general demand still higher."⁽¹⁾

According to this article there had been a too great supply of money:

"In 1825 foreign governments as well as our own had almost ceased to borrow money, and from this, the operation of the Sinking Fund, and the preceding year's prosperity, the glut in the money-market became excessive. Saving a glut in agricultural produce and labour, no glut in a trading country like this can well be more destructive than one in the money-market. The excess inevitably resolves itself into one of goods and destroys itself by ruining those who deal in them There may be, for a short period, a superabundance of money but it will assuredly soon dissipate itself, for it cannot be employed except in causing a superabundance

(1) Public Distress, BLACKWOOD'S MAGAZINE, April, 1826, p. 429 et seq.

of goods.

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"For the greater part of the last year a large portion of the superabundant money operated prodigiously to increase consumption without increasing supply. The erecting of the new cotton manufactories, iron works, etc. - the building speculations - the buildings, utensils, etc. of the new companies - employed a great quantity of labour and took a vast quantity of goods out of the market without bringing any into it. The demand for various important articles could scarcely be supplied. An immense portion more of this money was employed in taking goods out of the market and holding them on speculation. Prices kept rising and every one prospered.

"Production, during all this, kept receiving mighty additions to its powers but it required some time to get its increased crops of cotton, etc., the goods of its new manufactories, etc., ready for sale. At length these began to reach the market and they did this at a time when consumption was gigantic and credit almost unbounded.

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"At length production reached consumption, and prices became stationary; it passed it and then they began to decline."⁽¹⁾

The author of this article then derided the Whig ministry, Liverpool, Huskisson, Lansdown, and others. They had found that, "upon looking at the issues of the Country Banks, lo and behold! these had been almost doubled during the rise". As a result of this, said this writer:

". . . (they) asserted, in effect, that these increased

(1) Ibid.

issues of the Country Banks had supplied the new companies, the purchasers of foreign stock, the speculators in cotton, tallow, etc., etc., with funds and had caused the destructive glut in the money market!!!"

This critic continued:

"It will, we suppose, be conceded to us by all, save Economists and Philosophers, that a nation ought always to possess as much circulating medium as the honest and legitimate needs of its pecuniary interests call for - that there ought always to be as much of it in the market as people may find it necessary to buy, provided they can give twenty shillings' worth of goods for the sovereign or bank-note.

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"When we look at all these things we are convinced that additional amount of currency put into circulation was not the Cause but the Effect of the rise of prices and the increase of trade.

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"The truth is that the new companies, speculations, etc., flowed from a profusion, not of circulating medium, but of wealth, real wealth,- of that which gives birth to and is represented by the circulating medium.

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"The fall in the South American funds must have done fearful injury; but it followed and did not precede the distress; it was not a cause but a consequence.

"While importation kept increasing consumption received some

severe checks. The Combinations⁽¹⁾ did it great injury. They raised wages greatly in some callings; but by this they depressed them in others; those engaged in them were often idle; and, upon the whole, much less money was paid in wages than would have been paid if they had not existed. They seriously injured many of the masters. The shipwright one, and several others, if they had kept in employment, would have taken a large quantity of such goods out of the market as are now superabundant, without producing an excess of others.

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"The cotton speculation, by greatly raising prices did great injury to consumption. Here a portion of the merchants deserve the blame.

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"The real fact is that one interest was distressed by one cause, and another by a wholly different cause, until several were distressed and then their sufferings made distress general.

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"Meantime production went on as usual. The merchants had cargoes daily arriving. The manufacturers had heavy stocks of the raw article and machinery and workmen, sufficient to satisfy the previous great demand; they therefore continued manufacturing to the very last moment."⁽²⁾

(1) The Combination laws, forbidding trade combinations of either masters or employees, were repealed in 1824. (See COMMERCE AND INDUSTRY, Edited by William Page, p. 75 et seq.)
(2) Ibid.

Then there was a tightening of the money market, pressure on the banks, panic, and distress, and the Government was largely to blame for the distress, said this writer.

"If at the first stage of the pressure, when it was chiefly confined to the merchants, and leading manufacturers," he continued, "the Government had stood forward with a loan of Exchequer bills, we are persuaded that the greater part of the ruin and distress would have been prevented. The market was broken down, not so much by the large quantity of goods as by the abstraction of a large portion of the capital which had previously supported it."⁽¹⁾

In this article the ministry was blamed for their new principles and philosophy:

"It is the curse of the age that everything is to be managed by Political Economy and Philosophy, and that local knowledge is to be utterly disregarded in the management of local interests."⁽²⁾

However the Government was not to blame for the fluctuations in trade and industry. The conclusion was:

"Once in every three or four years commerce and manufactures will have a fit of suffering let the currency be what it may, so long as this country is reasonably wealthy. Production and consumption cannot possibly be kept together; the powers of the former have been rendered gigantic by capital, machinery and knowledge, and the market must be

(1) Ibid.

(2) Ibid.

frequently overloaded with merchandise and manufactures. If the trade in corn be made free, agriculture will be rarely free from distress arising from superabundance. To prevent convulsions, like that from which the country is now suffering, excessive supply must be prevented; and this with regard to commerce and manufactures is impossible. We can prevent it in respect of agriculture, but, like fools, we are determined to cast away the ability." (1)

Free trade and protection formed a popular subject for debate at this time. The following passages are taken from the ANNUAL REGISTER, 1826:

"In the House of Peers, lord King, after ascribing our pecuniary embarrassments to over-issues of paper by the Bank of England, attacked the Corn-Laws and urged the necessity of immediately effecting in them a complete alteration." (2)

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"He (Mr. Brougham) believed it (the distress) however, to be universal; and of that universality he dexterously took advantage to combat the opinion of those who derived it from the late introduction of more liberal principles into our commercial policy." (3)

The ANNUAL REGISTER also reported, on the subject of the economic troubles:

"Lord Liverpool ascribed these embarrassments (financial difficulties) to the mad spirit of speculation which had raged during the last

(1) Ibid.

(2) ANNUAL REGISTER, 1826, p. 4.

(3) Ibid.

two years - a spirit rendered doubly mischievous by having extended itself to the country and so affected the issues of the country banks that they had increased in a far higher proportion than those of the Bank of England." (1)

And again:

"Mr. Hume denied that the pecuniary distresses of the country were to be ascribed to the banking system, and maintained that their true causes were to be found in the pressure of taxation and the lavish expenditure of the Government. The whole Empire, in the opinion of the honourable gentleman, presented one scene of extravagant misrule, from the 'gold lace and absurd paraphernalia of military decoration of the Guards, up to the mismanagement of the Burmese war; and it was a farce to attribute the distress of the country to the banks or the banking system." (2)

Apparently there was no agreement as to the causes of the depression. But at least it was agreed that the supply of commodities surpassed the demand for them. In considering the state of the country, the ANNUAL REGISTER, 1826, said:

"The shipowners were suffering from the inability to procure freights, an inability occasioned by the foreign markets being glutted and by there being, therefore, a scarcity of employment for ships, because there was a cessation in the demand for the articles which ships were to convey". (3)

The ANNUAL REGISTER also recorded that there had been an over-issue of notes by the banks and that the recent commercial speculations had

(1) Ibid.

(2) Ibid., p. 5.

(3) ANNUAL REGISTER, 1826, p. 1 - 2.

injured the country financially. (1)

Conditions were somewhat better in 1827. The ANNUAL REGISTER for that year said there was a good harvest and no bank failures. (2) The report continued:

" . . . our manufactures indeed were not in that 'high and palmy state' which is commonly denoted by the term 'flourishing and prosperous'; but they were probably less distant from that point than from the point of extreme stagnation at which they had been standing still during the preceding winter and spring." (3)

The PAMPHLETER, 1827, contained a discourse entitled "A Plan for Improving the Revenue of the Country," by Captain Forman, who wrote:

"So far as the foreign trade is concerned, the throwing open our ports to all nations indiscriminately, and substituting an income tax for the excise and custom-house duties would be attended with immense benefit to the country. We should buy cheaper, and (making allowance for the diminished price of labour) sell dearer than before, while this reduction in the price of labour would enable our manufacturers to set all foreign competition at defiance." (4)

In 1828 there was a poor harvest, but in the King's speech at the end of the session in that year the increased financial resources were noted, as a sign of the "progressive improvement of the people." (5)

(1) Ibid., p. 4.

(2) ANNUAL REGISTER, 1827, p. 1 - 2.

(3) Ibid., p. 2.

(4) Forman, Captain, A. Plan for Improving the Revenue of the Country, PAMPHLETER, 1827, Volume XXVIII, p. 169 et seq.

(5) ANNUAL REGISTER, 1828, p. 119.

The following year however was not one of improvement. The ANNUAL REGISTER, 1829 said:

" . . . the manufacturing part of the population were suffering great distress; and in some places they aggravated their sufferings by combining to remain idle; rather than work at the wages which were offered them; and both causes led to frequent riotous proceedings, and to the destruction of the property of their employers. The silk weavers of Spitalfields and Bethnal Green particularly distinguished themselves in this work of violence."⁽¹⁾

By 1830 conditions were even worse. In BLACKSOOD'S MAGAZINE, January, 1830, the author of an article, "Domestic Policy - The Condition of the Lower Orders," gave an emotional account of the misery caused by unemployment. He felt that labourers were losing their place in society because they were no longer needed by capitalists in order to produce wealth:

" . . . it might melt the sternest heart to contemplate the hopeless wretchedness of thousands, almost millions, of their fellow creatures, willing, eager, to give their labour for bread, and well able, too, until 'sharp misery had worn them to the bone', who yet cannot touch a particle of the abundance which teems around them. In vain

'They beg their brothers of the earth
To give them leave to toil.'

There is a cheaper mode of getting work done than by employing them; and there is a certain delirium reigns at the present time about this thing 'cheapness', which having been taken up as a public principle, is, without hesitation, used as an excuse for industrial selfishness. In vain

(1) ANNUAL REGISTER, 1829, p. 116.

the manufacturing towns throw off the surplus of their multitudes to the country - the poor have no land of their own - the rich who have land think it is very well as it is; and again the labourer is rejected." (1)

The unemployment in London was deplorable:

"It is so even in the parish of St. Martin's, in so much that the parish officers, 'albeit unused to the melting mood', are thawed into emotion by the dismal sights, and it is fearful to think what it must be in less opulent districts such as St. Giles and Clerkenwell, where the poor so much more abound.

Continuing the writer then said he would ask:-

"Why such distress should exist, and be in a progressive state of aggravation, notwithstanding the immense accession which has confessedly been made to our means of producing all those things of which 'distress', as we have used the word, signifies the absence? It is because the process through which the advantages of industry were formerly obtained have undergone a change, and that change has taken away the necessity, which did exist, that the labouring classes should have their share from the capitalists, of all these advantages.

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"It is curious to find even the warmest panegyrist of all the effects of machinery admitting that some extraordinary new vent for manufactures, some wonderful extension of trade is necessary to prevent the country from sinking. China must be crammed with our delf, the whole country of Hindostan be covered with our cotton goods, Japan must have our tin ware, and

(1) Domestic Policy - The Condition of the Lower Orders, BLACKWOOD'S MAGAZINE, January 1830, p. 90 et seq.

if that will not suffice, we must freight balloons to the 'pale-faced moon', or diving bells

'to the bottom of the deep,
Where fathom line could never touch the ground',

in search of new realms to carry off our wondrous stores of manufactures; and all this wonderful extension must take place, 'or else we perish'. Where then is the improvement? Of what advantage to us these prodigious means of extending our manufactures without the aid of men, when so many of our own population are thereby left to idleness and starvation, and the profit on the machine-made goods is so small that nothing but the discovery of a new world to be saturated with them can make the trade worth following? Our manufacturers have exhausted the world and then imagined a new, which they have prepared goods to exhaust; if their imagination could be turned into reality; but who reaps the benefit? - the people of foreign countries where they are sold for less than their first cost, while in the midst of the abundance of goods rotting in warehouses, or sent away to be sold at a loss, the English artizan, or he who once was an artizan, shivers in rags, the unhappy victim of modern improvements."⁽¹⁾

The author of this article thought, "some change must take place in the forms in which property and society are disposed." He suggested that the land-owners be made to cooperate in letting land to the unemployed, which would provide them with work and food:

"We cannot see why establishments of agricultural or horticultural villages may not be adopted, connected with the parishes, to which

(1) Ibid.

the poor may be drafted and these we would have established on lands already reclaimed and fertile, while the extensive wastes should also be put in a train to become valuable property and afford employment and subsistence to multitudes, unconnected with parish management.

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"The manufacturers also, or the consumers of manufactures should contribute by a direct tax on the manufacture to support the artizans while out of employment." (1)

The ANNUAL REGISTER reported that Earl Stanhope, speaking in Parliament, in 1830, said that all interests were suffering.

"Which of their lordships," he asked; "could bear to think of artizans unable to earn more than 3d. or 4d. per day?

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"In the vale of Aylesbury, a fertile district they (the poor rates) amounted to 30s. an acre. He himself knew of a parish in Sussex where all the proceeds of the land did not suffice to maintain the poor" (2)

Lord Goderich thought that the return to a metallic currency has been injurious to the commerce of the nation. (3)

The Duke of Wellington declared that the extent of the distress had been exaggerated. However, he remarked on the fall in the prices received for many products. Reporting the Duke's words on this decline, the ANNUAL REGISTER, 1830, said:

(1) Ibid.
(2) ANNUAL REGISTER, 1830, p. 21 - 22.
(3) Ibid., p. 23 - 24.

"Both cause and effect in cases like these were, and would always remain, beyond the reach of the control of parliament. . . . Was it fitting then, he would ask, that parliament should interfere when it was utterly impossible to do good?" (1)

The author of an article, "The Influence of Free Trade Upon the Condition of the Labouring Classes", in BLACKWOOD'S MAGAZINE, April, 1830, entertained no doubts as to the extent of the depression. He said:

"The Records of Parliament will testify that there is scarcely a county, scarcely a parish, from Penzance to the Orkneys, which has not petitioned, or at least which is not about to petition the legislature for relief." (2)

Dealing with the misery experienced in the northern part of England this writer continued:

". . . what renders the distress prevalent in the manufacturing districts of the North of England still more lamentable and alarming is the fact that it has already subsisted for some years, and yet presents no symptoms of abatement. It commenced, we believe, in the year 1826. In the following year it had, as our readers no doubt recollect, become so intense and extensive in its character, that a magnificent subscription was raised for the relief of the manufacturers." To prove the intensity of the suffering of our manufacturing population in 1829, we shall quote a passage from the evidence of a witness examined by the Emigration Committee in the spring of that year. Mr. Halton, a gentleman of large landed property in

(1) Ibid., p. 29.

(2) The Influence of Free Trade Upon the Condition of the Labouring Classes, BLACKWOOD'S MAGAZINE, April, 1830, p. 553 et seq.

Lancashire, and residing twelve miles from Manchester, in the very heart of the manufacturing districts, made then the following statement before the committee.

" 'I have lived at Halton ever since I came of age, and during that time I have never witnessed anything at all equal to the present distress. . . . I believe there is scarcely one loom in my own immediate neighbourhood unemployed now, but the state of the families of the poor is certainly more destitute than it was when a very great number were actually employed. The present distress arises from several causes: the bedding and clothes of the poor are totally exhausted. The misery is beginning to work now by the poverty of the small lay-payers; . . . those lay-payers, whose families were employed in the hand-loom weaving have left their land in a very bad state; they have generally attended to their loom, now they cannot obtain sufficient to pay their taxes; the consequence is that the persons to whom their land belongs must suffer.' "

(1)

The author of this article, proceeding, said that the farmers were ruined by the decline in the prices of agricultural produce and could neither pay their rent nor employ labourers. As to these labourers, he remarked:

"In some parishes they are seen working on the roads, or in the gravel pits, at a rate of wages not exceeding two shillings per week. In others, where no labour of any kind is provided for them, they form desperate bands and rove about in a state of idleness, to the great terror of

(1) Ibid.

the inhabitants of the district."⁽¹⁾

Conditions were particularly bad in West England:

". . . . although most inadequately remunerated for their labour, still the working classes in Yorkshire and Lancashire have something to do; but in Somersetshire, Gloucestershire, and Wiltshire the same classes of workmen are literally without any kind of employment. At Frome, at Shipton - Mallet, at Bradford, and indeed at all the manufacturing towns of the West, the distress of the manufacturers is unprecedentedly overwhelming and appalling."⁽²⁾

Remarking on the experiences of the Bishop of Bath and Wells, the writer said:

"He had seen fellow-creatures yoked to carts which they were dragging through the country. They were ready to do anything to obtain the food of which they stood in need;"⁽³⁾

The author of this article censured the "visionary and theoretical views" of the active investigators who had made up former committees on distress. He continued:

"That an overproportion of the population of this country is now employed in manufactures is a fact which no person will venture to dispute. The extended use of machinery has displaced a vast amount of manual labour.

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"Half the population of Lancashire, for instance, is now pining in indigence from the low rate at which their labour is remunerated and

(1) Ibid.
(2) Ibid.
(3) Ibid.

half the fields of the same county are nearly in a state of nature from
want of tillage." (1)

Besides advising that more men turn back to land cultivation
this critic attacked the free trade movement. He declared:

"The changes projected by the Economists benefit the affluent and
non-productive classes, by diminishing the cost of the commodities which they
consume; but this advantage is purchased solely at the expense of the pro-
ductive classes, by diminishing their wages, and adding to their toil. . . .
What it adds to the enjoyment of bloated wealth it takes from the scanty
earnings of pining industry.

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"We are inclined, indeed, to an opinion that in recent
times the persons administering the government of this country have evinced
rather too great a facility in listening to the suggestions of speculative
theorists, and sanctioning alterations affecting in a serious degree the
interests and property of particular classes.

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"Let the soil of the country be but properly thrown open to the
industry of our labouring classes and we shall hear no more of a surplus
population. . . . The patience of the public will be no longer teased by
absurd schemes for transporting one portion of the community for the benefit
of the other portion; and the public feeling will cease to be outraged by
horrible suggestions for checking population." (2)

The shipping industry was in no better state than others in 1830.

(1) Ibid.
(2) Ibid.

The ANNUAL REGISTER stated:

"The shipowners found it impossible to carry on their business without incurring loss; to realize profit was out of the question. Many of them had preferred parting with their ships, at a certain loss of forty per cent., to continuing to hold them at the risk of a loss still greater."⁽¹⁾

Towards the end of 1830 there was an outbreak of rioting among the agricultural labourers who destroyed a considerable amount of property.⁽²⁾

The year 1831 saw a continuance of the depression which had afflicted the country for the five previous years. Dealing with this period Leone Levi said, in his HISTORY OF BRITISH COMMERCE:

"After the severe crisis of 1825-26 there was some improvement, but a series of deficient harvests from 1828 to 1831, when the price of wheat averaged 60s. to 66s. a quarter, the revolution in France, and the war between Russia and Poland checked any substantial progress. The prices of produce were so low that many India houses succumbed; and although there was all the while a considerable development in the productive power of the country, consumption never seemed to overtake production and complete stagnation characterized every branch of business."⁽³⁾

An improvement in the state of industry began in 1832. Prices were very low but the demand was increasing.⁽⁴⁾ The finding of a committee, which was appointed in 1833 to investigate the industrial and commercial state of the nation, was that trade and manufactures were in a healthy condition.⁽⁵⁾

(1) ANNUAL REGISTER, 1830, p. 22.

(2) Ibid., p. 149.

(3) Levi, Leone, HISTORY OF BRITISH COMMERCE, p. 228.

(4) Tooke, Thomas, A HISTORY OF PRICES, Volume II, p. 250.

(5) Ibid., p. 242.

By the end of 1833 and in 1834 the price of food was declining and the demand for manufactured commodities was greater than the supply.⁽¹⁾

The fall in the price of food injured the agriculturists however. At the opening of the Parliamentary session in 1834 the King said, in the Speech from the Throne:

"I have to lament the continuance of distress among the proprietors and occupiers of land; though, in other respects, the state of the country, both as regards its internal tranquility, and its commerce and manufactures, affords the most encouraging prospects of progressive improvement."⁽²⁾

This state of affairs continued throughout 1835 but in 1836 a commercial crisis in America preceded financial trouble in Britain. Sir Robert Peel stated in the House of Commons, in May, 1836, that he feared the prosperity of the country was not altogether sound.⁽³⁾ His fear was well founded for depressed industry and a financial panic soon ensued.

The British firms engaged in exporting to America were especially troubled. In the EDINBURGH REVIEW, July, 1837, there was printed an "Enquiry into the Circumstances that Have Occasioned the Present Embarrassments in the Trade between Great Britain and the United States of America." Referring to the British trade with America it was said in this article:

"The principal merchants engaged in the trade, both here and in America, have all been involved in the greatest difficulties, and not a few of them have been obliged to stop payments."⁽⁴⁾

(1) Ibid., p. 252.

(2) Quoted in the ANNUAL REGISTER, 1834, p. 3.

(3) HANSARD, Third Series, Volume 31, 23.

(4) Enquiry into the Circumstances that Have Occasioned the Present Embarrassments, etc., EDINBURGH REVIEW, July, 1837, p. 221 et seq.

As to the effects of crisis in America the article said:

"The great and sudden diminution which it has occasioned in the exports from Great Britain to America has obliged many of our manufacturers either to shut up their establishments or reduce the quantity of work, so that a great number of labourers have been thrown out of employment; while in America the influence of the derangement has been such that every bank in the Union has been forced to suspend payments,- that credit has been almost totally destroyed,- and that, though the republic has no debt, and a large surplus revenue, it can hardly find means to make the most necessary payments."⁽¹⁾

In this article it was held that the Americans had been guilty of overtrading; it was pointed out that the imports into the United States had increased about 270% in the six years ending in 1836 and that exports had not grown nearly so rapidly. Moreover the articles imported had been for consumption, not construction. According to the theory presented:

". . . . any extraordinary increase in the amount of imports shows that produce must be accumulating in the importing country; and that a ruinous depression of prices and consequent shock to credit may be anticipated."⁽²⁾

The economic difficulties of this time were also considered in "The Late Commercial Crisis" which appeared in BLACKWOOD'S MAGAZINE, August, 1837. The author of this article remarked:

"For the last nine months distress and suffering in their worst, most protracted and aggravated form have been passing over the commercial world, both of this country and America.

(1) Ibid.

(2) Ibid.

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"While manufactured articles of every sort have fallen a half in value; while the produce of the British customs has sunk £900,000 in a single quarter; while nearly one-half of the cotton mills of the island have been shut up, either from inability to find a market for their produce, distrust of the solvency of their purchasers, or the insane attempts of their workmen to keep up their wages by combination and outrage, in a period of adversity, at the high level to which they had risen in the preceding unparalleled prosperity,- the distress so universally diffused throughout the working classes has been unprecedented. For nearly six months fifty thousand hands have been unemployed in Manchester and its vicinity; twenty thousand workmen are idle in Paisley and its vicinity, and at Glasgow nearly one-half of the labouring classes have been for several months in a state of idleness.

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"Orders have ceased or declined to one-half; credit is shaken over the whole world.

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"In America a convulsion has been experienced, unprecedented perhaps in the civilized world. It may truly be said that an universal bankruptcy has there taken place." (1)

The writer of this survey continued:

"The author of this article repeatedly warned some of the greatest merchants in Great Britain, during the winter of 1835-36 and spring of 1836, when prosperity was so universal and orders so pressing and prices so high,

(1) The Late Commercial Crisis, BLACKWOOD'S MAGAZINE, August, 1837, p. 210 et seq.

that a great commercial crisis was approaching" (1)

This critic then noted the great outflow of gold to the United States which had taken place. He said that the Bank of England had had to limit its issues and contract the currency to "bring prices and speculation" back to a "healthful state." (2)

Those trading with North America had been the first to suffer, in 1836, it was claimed, but the distress had soon spread. As to the cause of the crisis in America this writer blamed the attempt "to force upon the country an exclusively metallic currency" during a "period of unexampled commercial enterprise." He added:

"That the rapid rise of prices and general fears of speculation, which prevailed in these islands in 1835 and 1836, must of itself, sooner or later, have led to a commercial crisis, is indeed certain, but there can be no doubt that the mad proceedings of the American mob-led Executive both accelerated its approach and enormously increased its severity. A rise of prices in one country must always lead, in the end, to the precious metals flowing abroad, and consequently, by checking credit, give a temporary blow to industry; but in the present instance, this alarming drain began far sooner and more suddenly, and became infinitely more violent, than could be accounted for by any such natural causes. It was the great act of democratic despotism by the American masses which has thrown the whole world into convulsion and induced an extent of ruin and suffering, for a parallel to which we shall search the annals of regal or aristocratic oppression in vain." (3)

(1) Ibid.
(2) Ibid.
(3) Ibid.

The author of "The Bank of England and the Country Banks", an article published in the EDINBURGH REVIEW, April, 1837, was of the opinion that the state of the British currency had been unsound. He said:

"In January, 1836, trade and industry were generally believed to be in the most satisfying condition. The country was perfectly tranquil, mercantile and monied men had the greatest confidence in each other, the foreign demand for our manufactures was great beyond all former precedent, all sorts of labourers had full employment, prices were moderate and the Bank of England had above seven millions of coin and bullion in her coffers.

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"Instead of increasing, confidence has been wellnigh destroyed, a great derangement has taken place in commercial speculations, and instead of being increased, the stock of bullion in the Bank of England has been reduced from above seven to not more than three and a half millions and that establishment has been placed in the greatest jeopardy.

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"There seems to be a very general, we might almost say universal, concurrence of opinion, among those who have given any attention to the subject, that the late and present difficulties have mainly originated in something unsound in the state of the currency."⁽¹⁾

Considering the great increase in the number of joint-stock banks which had taken place in 1836, the writer of this article said:

". . . . between the 1st. of January and the 26th. of November, 1836, no fewer than forty-two of these establishments had been organized

(1) The Bank of England and the County Banks, EDINBURGH REVIEW, April, 1837, p. 61 et seq.

and brought into competition with those previously existing.

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". . . . it appears to be sufficiently established that the excessive and unprecedented multiplication of joint-stock banks in the early part of last year, their competition with each other and the previously existing banks, and the additions they made to the existing mass of money and of the substitutes for money was the sole cause of the unfavourable exchange and of the heavy drain for bullion that began to operate upon the Bank of England in April, 1836." (1)

In this article there was quoted a memorial, presented to Lord Melbourne, in March, 1837, which read:

"My Lord,- We, the undersigned merchants, manufacturers, and other inhabitants of the town of Birmingham beg leave respectfully to represent to your Lordship the following facts:-

"1. During the last two or three years a very great improvement has taken place in the trade and commerce of the town and neighbourhood, The workmen have generally been placed in a condition of full employment and good wages, producing a general state of satisfaction and contentment among them. Their employers also have enjoyed a condition of ease and security which might be called affluence when compared with the losses and difficulties which they endured for several years before. No stock of goods was accumulated - no over-trading of any kind existed; the products of one man's industry were readily exchanged for those of another, and all the products of industry, in every trade, were carried off into the absolute consumption of the people

(1) Ibid.

quite as fast as they could be produced.

"2. Suddenly, within the last three months, with all the elements of general prosperity remaining unimpaired, this gratifying state of things has disappeared, and has been succeeded by a general state of difficulty and embarrassment, threatening the most alarming consequences to all classes of the community. Orders for goods are countermanded and discontinued both for the foreign and home trade.

"The prices of goods are falling so as, in many cases, to occasion a loss instead of a profit on their production. The process of production is thus obstructed; the workmen are beginning to be discharged or to be placed upon short employment; and we are confident that unless remedial measures be immediately applied, a large proportion of our population will shortly be thrown entirely out of employment." (1)

The author of "The Bank of England and the Country Banks," concluded that legislative action had to be taken to relieve the situation. He thought that the issue of paper money should be controlled, in order to prevent violent monetary fluctuations. He wrote:

"Now to accomplish this radical cure, that is to make sure that the fluctuations of the currency shall not in future exceed those that would occur were it wholly metallic, it is indispensable that all local notes be suppressed, and the issue of paper confined entirely to one body.

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"The cardinal defects in the present monetary system are, the multiplicity of issuers, and the too great sympathy of the Bank of England

(1) Ibid.

with the mercantile class."⁽¹⁾

It was suggested by this theorist that a commissioner be appointed and given a veto on issues of the Bank of England.⁽²⁾

In the United States, President Van Buren was also concerned about monetary matters, Addressing Congress on September 4, 1837, he said:

"The history of trade in the United States for the last three or four years affords the most convincing evidence that our present condition is chiefly to be attributed to overaction in all departments of business - an overaction deriving, perhaps, its first impulses from antecedent causes, but stimulated to its destructive consequences by excessive issues of bank paper and by other facilities for the acquisition and enlargement of credit."⁽³⁾

Continuing, this statesman said:

"It has since appeared that evils similar to those suffered by ourselves have been experienced in Great Britain, on the Continent and, indeed, throughout the commercial world, and that in other countries as well as in our own they have been uniformly preceded by an undue enlargement of the boundaries of trade, prompted, as with us, by unprecedented expansion of the systems of credit."⁽⁴⁾

Years of depression followed 1837, both in England and America. In England the poor - law commissioners reported that food was scarce and expensive during the winter 1838 - 1839.⁽⁵⁾ In 1839 there were chartist riots in Birmingham, Sheffield and elsewhere.⁽⁶⁾ The early years of the

(1) Ibid.

(2) Ibid.

(3) MESSAGES AND PAPERS OF THE PRESIDENTS, Edited by James D. Richardson, Volume III, p. 325

(4) Ibid., p. 327

(5) ANNUAL REGISTER, 1839, p. 297 - 298.

(6) Ibid., p. 305

forties were later termed 'the hungry forties'.⁽¹⁾

Britain was engaged in a war with China from 1839 to 1842 and as a result an important market for English goods was closed, or almost closed. The ANNUAL REGISTER for 1840 reported that Sir James Graham had pointed out, in Parliament, how great were the interests involved in the Chinese question:

"He said that he was guilty of no exaggeration when he stated that one-sixth of the whole united revenue of Great Britain and India depended upon our commercial relations with that country. Last year the revenue paid into the exchequer of this country on account of tea amounted to no less a sum than £3,660,000."⁽²⁾

The whole British revenue derived from Chinese intercourse was £4,200,000, yearly, said Sir James.⁽³⁾

In September 1841 Sir Robert Peel came into power as Prime Minister. The ANNUAL REGISTER, 1842, dealing with the state of affairs at that time, said:

"A revenue which had now for several years exhibited the alarming symptom of an annual deficit, which our warlike operations in the East were at the same time tending to increase; excitement and agitation at home, widely diffused on the subject of the Corn-Laws, . . . ; increasing disunion between the agricultural and manufacturing interests; loud and general complaints of depression in all the principal branches of trade, accompanied by distress among the poorer classes, which, making every allowance for

(1) COMMERCE AND INDUSTRY, Edited by William Page, p. 127.

(2) ANNUAL REGISTER, 1840, p. 82 - 83.

(3) Ibid., p. 83.

exaggeration, was beyond all doubt real and extensive;- all these causes seemed to impose on the ministry a task which would require no ordinary resources of statesmanship to discharge in a manner commensurate with the exigencies of the times."⁽¹⁾

In an article on, "The Financial Measures of the Late, and Intentions of the Present Ministry," EDINBURGH REVIEW, January, 1842, it was said:

"The last four years certainly have been years of distress. The bad harvest of 1838 began the series. This was followed by a drain on the Bank for bullion to pay for foreign corn and the derangement of the currency. Then came, as a necessary consequence of this derangement, a revulsion of trade ; the depressed state of the markets for manufactures and finally the reduction of wages and throwing out of employment of great numbers of the working classes."⁽²⁾

No blame was attached to the ministry in this article, as it was claimed that no power could have averted the calamities suffered.⁽³⁾

In 1842 Louis Bonaparte wrote a pamphlet, "An Analysis of the Sugar Question," and at one point in this treatise he stated:

"Great Britain - that Queen of Industry - employs in four or five of her principal towns thousands of operatives. So long as there is a ready market for their productions - so long as the manufacturers are flourishing; the operatives do not suffer; but let any event shake credit or close the markets or let over-production occasion excess of stock and on the instant

(1) ANNUAL REGISTER, 1842, p. 1 - 2.

(2) Financial Measures of the Late, and Intentions of the Present Ministry, EDINBURGH REVIEW, January 1842, p. 506 et seq.

(3) Ibid.

whole populations - as is the case at the present moment - fall prey to all the anguish of destitution, to all the horrors of hunger; the soil, we repeat, literally crumbles away from beneath their feet and they are left without fire, or food, or shelter." (1)

The ANNUAL REGISTER, 1843, said manufactures and agriculture were still in a depressed state. Some were inclined to blame this upon the corn laws, "others denounced the excess of trade and the reckless extension of manufacturing speculation," and still others Sir Robert Peel's financial measures, the poor laws, and the income tax. Some people thought emigration was a "safety-valve and outlet for the pressure of a too rapidly increasing population." (2)

Like the British, the American suffered for some seven years after 1837. John Finch, in "Notes of Travel in the United States," published in the NEW MORAL WORLD, January 20, 1844, and quoted in DOCUMENTARY HISTORY OF AMERICAN INDUSTRIAL SOCIETY, said:

"It is much easier to obtain employment at present in the United States than in England; but in this respect they are getting into a worse and worse condition. The manufacturers in the East have introduced all our improvements in machinery (and the effects are the same as in this country) they are making very large quantities of goods; competition is increasing, prices are very much reduced, and the wages of labour, generally, throughout the States and Canada, have been reduced from thirty to fifty per cent.

(1) LOUIS NAPOLEON BONAPARTE, HIS LIFE AND WORKS, Volume II, p. 35.

(2) ANNUAL REGISTER, 1843, p. 1 - 2.

within the last four years, and wages are still reducing in some parts of the country. . . .

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"At Baltimore iron works the labourers earn about 2s. 8d. per day, and the head men, at the furnaces, get about \$1, or 4s. per day. In Pittsburg the wages of the labourers at the iron works, are about the same. A few of the principal workmen, at the iron works, earn as much as \$2. per day.

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"The same evil exists in the western states of America as respects agricultural produce as we find in England as to manufactured goods; excessive competition and consequent reductions in wages have driven so many from the eastern states to cultivate the land in the west, added to the shoals of emigrants, daily arriving from other countries, that the produce is so abundant it can scarcely be sold for the expense of taking it fifty miles to a market" (1)

As to the reason for the fall in prices and wages Finch concluded:

". . . the causes of those evils are the same in America as in England, the vast extension of scientific and mechanical power, and the consequent great and rapid extension of agricultural operations: by which means an immense surplus is produced, whilst competition reduces everything to so low a price that no parties are able to get a remuneration for producing them; and that all that is wanted, either in America or in England, is rational arrangements to distribute the wealth produced in a just and equitable manner

(1) DOCUMENTARY HISTORY OF AMERICAN SOCIETY, Edited by John R. Commons and Others, Volume III, p. 47 - 49.

for the benefit of all classes" (1)

A report made by a committee of the National Reform Union of the City of New York was printed in the WORKING MAN'S ADVOCATE, July 6, 1844, and quoted in DOCUMENTARY HISTORY OF AMERICAN INDUSTRIAL SOCIETY. This report read, in part, as follows:

"Having made due enquiry into the facts, the Committee are satisfied that there is a much larger number of laboring people congregated in the seaboard towns than can find constant and profitable employment

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"As tending to lessen the evil we find an increasing home consumption of articles produced by mechanical skill - we also anticipate an increase, to some extent at least, of our export market. But we believe that this additional demand is by no means likely to keep pace with our accumulating powers of production. First, we find in our cities, and Factory Stations, an increasing population, the great majority of whom depend for a subsistence on Mechanical labor; and secondly we find the new born power of machinery throwing itself into the labor-market with the most astounding effects - withering up all human competition with a sudden decisiveness that leaves no hope for the future. . . .

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". . . . while some of our handicrafts are already extinct, there is not one of them but has foretasted the overwhelming competition of this occult power." (2)

(1) Ibid., p. 55 - 56.
(2) Ibid., p. 294 - 296.

In England the depression lifted in 1844. The ANNUAL REGISTER for that year said that increased revenue and the revival of trade "reanimated the spirits of the community after the long period of depression."⁽¹⁾

A good harvest in 1844 and great increase in railway undertakings in 1845 resulted in large employment and general prosperity in the latter year.⁽²⁾

However agricultural trouble in 1846, which began with the potato failure, was followed by a general slump. The ANNUAL REGISTER, 1847, stated:

"The ebb of commercial prosperity which had succeeded to the high tide of 1845 still continued to operate with depressing influence upon all branches of trade"

An article, entitled "The Crisis of 1847," appeared in the ECLECTIC REVIEW, January 1847. The author quoted the following words written by Sismondi in 1826:

"Universal competition, or the effort always to produce and always cheaper has caused production by manufactures to advance with gigantic steps; but it has from time to time precipitated the manufacturers into frightful distress Crises utterly unexpected have succeeded one another in the commercial world."⁽³⁾

The writer of this article thought that England was experiencing such another crisis. He said:

"The recurring, and now frequently heard of sufferings of the operatives who have created 'the wealth that fills our shops', sufficing

(1) ANNUAL REGISTER, 1844, p. 1.

(2) ANNUAL REGISTER, 1845, p. 1.

(3) Quoted in, The Crisis of 1847, ECLECTIC REVIEW, January, 1847, p. 758 et seq.

for the consumption of the world, engages all our affections and interests all our sympathies.

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" . . . around and in Manchester, at the commencement of the month, of 852 cotton mills, 405 were working short time and 120 were closed."⁽¹⁾

The potato failure and the poor corn crops in 1846 were blamed for ushering in the crisis. Britain had had to import great amounts of food. The article continued:

"The wheat, oats, bacon, and butter usually imported into England from Ireland, and constituting the real payment for much of the labour of Manchester was this year not to be had. Not the exportation of gold nor the importation of corn, but the want of importations from Ireland has reduced the value of goods in Manchester."⁽²⁾

The shortness of the American cotton crop had also injured British industry. It was said:

"The cotton crop, the payment for much of the finished manufactures was deficient. The total quantity of cotton in Liverpool, London, and Glasgow showing a decrease of about 40% in the present year, as compared to 1845, of the quantity of raw cotton offered to the manufacturer in exchange for his finished goods.

"Considering the extent of the operations of the numerous trades connected with cotton, such a combination of circumstances explain their difficulties and is almost sufficient to explain the national embarrassment."⁽³⁾

(1) The Crisis of 1847, ECLECTIC REVIEW, January, 1847, p. 758 et seq.

(2) Ibid.

(3) Ibid.

This commercial trouble was not confined to England for it was noted:

"The present derangement has already affected France and India."⁽¹⁾

The author of this article thought that if the Bank of England and the State of the currency had had anything to do with the crisis, their influence had been small. He added:

". . . .according to our views the principal causes of crises, at all times, is an undue extension of credit, sooner or later corrected by short harvests or some other failure in customary productions."⁽²⁾

The capitalists were said to be at fault; the agricultural and labouring classes suffered though innocent.⁽³⁾

As was noted in the article just quoted France was also passing through a difficult period at this time. In an article entitled, "Events in France in 1846," which was printed in FRASER'S MAGAZINE, December, 1857, it was remarked:

"It was evident that France was threatened not merely with a pecuniary crisis, but with a famine. At the close of 1846 the Bank of France was shaken to its centre."⁽⁴⁾

According to J. H. Clapham, who considered this period in his ECONOMIC DEVELOPMENT OF FRANCE AND GERMANY, 1815 - 1914, although France suffered from stagnant trade and industry after this monetary crisis, until 1852, it did not experience the wide-spread mercantile failures which took place in England.⁽⁵⁾

(1) Ibid.

(2) Ibid.

(3) Ibid.

(4) Events in France in 1846, FRASER'S MAGAZINE, December, 1857, p. 724.

(5) Clapham, J. H., ECONOMIC DEVELOPEMENT OF FRANCE AND GERMANY, 1815-1914, p. 235.

In the latter country the distress and its causes were fully discussed in Parliament. Lord Yarborough thought the commercial difficulties were largely owing to an enormous importation of corn.⁽¹⁾ Mr. Heywood "attributed the existing depression to the enormous amount of railway speculation, on which £161,000,000 had been already expended and for which £138,000,000 more were required," as well as other less important causes.⁽²⁾ Lord George Bentinck claimed that restriction of the currency, and free importation had caused the trouble.⁽³⁾ The Chancellor of the Exchequer gave it as his opinion that necessary capital had been taken from trade and commerce to pay for foreign corn;⁽⁴⁾ while the Duke of Grafton "imputed the distress to the restrictions upon the currency."⁽⁵⁾

In "The Financial Pressure" an article published in the QUARTERLY REVIEW, June, 1847, it was reported:

"As to the proper remedies for our existing difficulties Lord Ashburton's opinions are expressed without the least doubt or hesitation. First, the artificial restraints on the issues and management of the Bank must be removed; and secondly, some immediate attempt must be made to bring within more prudent bounds the operation of railway companies."⁽⁶⁾

There followed the usual years of slow recovery. the ANNUAL REGISTER, 1849, stated that in that year:

(1) ANNUAL REGISTER, 1847, p. 190.

(2) Ibid , p. 191

(3) Ibid., p. 198

(4) Ibid., p. 203

(5) Ibid.

(6) The Financial Pressure, QUARTERLY REVIEW, June, 1847, p. 342.

"The commercial and manufacturing interests were rallying, but had not as yet effectually revived from the prostration occasioned by the commercial crisis of 1847, and the shock of foreign revolutions in 1848, The drain of railway investments, to which the capital of the country was so largely pledged, continued to exercise a depressing effect, which was aggravated by a general want of confidence in the management of these vast undertakings. The landed interest was in a dissatisfied and uneasy state;" (1)

There was a gradual improvement and in the following year the ANNUAL REGISTER reported:

"At the commencement of the year 1850, the domestic affairs of the British nation presented a tranquil and, with partial exceptions, a cheering aspect." (2)

The farming class however was uneasy and dissatisfied with the results of the abolition of the corn laws. (3) The importation of foreign corn was free after 1849.

Despite the fears of the landed class in 1849, the early fifties were most prosperous years. In its summary of the year 1851 the TIMES referred to Britain "thrusting her manufactures into every market," (4) and of the early part of 1853, the TIMES said:

In the cheapness and abundance of the necessaries of life, in the happiness and content of our people, in the enormous stimulus given to trade and manufactures, in the unprecedented extension of our commerce and

(1) ANNUAL REGISTER, 1849, p. 2.

(2) ANNUAL REGISTER, 1850, p. 2.

(3) Ibid.

(4) ANNUAL SUMMARIES FROM THE TIMES, Volume I, The Year 1851, p. 4.

shipping, we were beginning to enjoy to the full that prosperity which the most sanguine advocates of Free Trade had predicted to incredulous audiences,"(1)

This review, continuing, said that later in the year a scarcity of corn had dulled the general prosperity somewhat, (2) but, despite such difficulties, and the stain of the Crimean War, 1854 -56, there was no important economic difficulty encountered until in 1857, Britain had to deal with a commercial crisis as well as the Indian Mutiny.

In 1857 the commercial trouble began in America but soon spread to England. An article, "The Causes of the Crisis," which appeared in the SATURDAY REVIEW, November 28, 1857, stated:

"The offenders are not only or chiefly a multitude of small traders doing all the business they can grasp It requires the assistance of indulgent bankers and great discount houses to make trade thoroughly rotten."(3)

The ANNUAL REGISTER, for 1857 reported President Buchanan of the United States as saying:

"In the midst of unsurpassed plenty in all the production of agriculture and in all the elements of national wealth we find our manufactures suspended, our public works retarded, our private enterprises of different kinds abandoned and thousands of useful labourers thrown out of employ and reduced to want.

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(1) ANNUAL SUMMARIES FROM THE TIMES, Volume I, The Year 1853, p. 9.
(2) Ibid., p. 12
(3) Causes of the Crisis, SATURDAY REVIEW, November 28, 1857, p. 482.

"These revulsions must continue to recur as long as the amount of the paper currency and bank loans and discounts of the country shall be left to the discretion of fourteen hundred irresponsible banking institutions."⁽¹⁾

The TIMES said of the crisis of 1857:

"The social and economical consequences of the crisis are more important than its legislative results. The influence of the calamity has already extended far beyond the circle of capitalists and traders. . . . Agriculture alone, among the various branches of industry continues in the enjoyment of a prosperity which is already unprecedented in its duration."⁽²⁾

FRASER'S MAGAZINE, November, 1858, printed an article entitled "Our Failures". The author of this article quoted from a pamphlet on the crisis by Mr. W. Callender, which said:

"The effect of a commercial crisis is not confined, as is too often supposed, to a knot of speculators or a group of merchants in some large emporium of commerce. It is felt by the manufacturers whose mills are standing idle for want of orders while his stock is lessened in value; by the ship-owner, whose foreign trade is suspended; by the thousands of operatives who are thrown out of employment; by the shopkeeper whose business is curtailed owing to the increased economy of his customers."⁽³⁾

The author of this article noted that Mr. Callender attributed the crisis to over-trading and accused certain banks of assisting speculation.⁽⁴⁾

(1) ANNUAL REGISTER, 1857, p. 342 - 343.

(2) ANNUAL SUMMARIES FROM THE TIMES, Volume I, The Year 1857, p. 45.

(3) "Our Failures", FRASER'S MAGAZINE, November 1858, p. 505.

(4) Ibid.

Leone Levi remarked in HISTORY OF BRITISH COMMERCE:

"The suspension of several London houses connected with the Swedish trade, a large amount of whose bills were endorsed by Hamburg firms, coupled with the effect of over-speculation and an undue expansion of credit caused great excitement and alarm in Hamburg. . . . In Norway and Denmark the commercial community was in great straits . . . in Sweden a crisis as severe took place."⁽¹⁾

This commercial crisis of 1857 was not followed by any long period of depression however and by 1860 England was "tranquil and generally prosperous."⁽²⁾

(1) Levi, Leone, HISTORY OF BRITISH COMMERCE, p. 398.

(2) ANNUAL SUMMARIES FROM THE TIMES, Volume I, The Year 1860., p. 86.

CHAPTER VI

THE PERIOD FROM 1860 to 1900

The commercial disturbance in 1866 brought to a close a long sequence of prosperous years. The ANNUAL REGISTER, 1866 said in regard of the panic of that year:

"It was the inevitable reaction from the speculative mania and inflated commercial transactions of the preceeding year

"The principle cause of the crisis was probably the rapid expansion of trade, unsecured by the provision of an adequate pecuniary reserve In consequence of the disasters now described an extensive contraction of expenditure took place, the effects of which were felt through all the channels of trade and especially by those who ministered to the amusement and luxuries of the affluent."⁽¹⁾

The ANNUAL REGISTER, 1867 noted that the receipts from the Excise and Income taxes had fallen and it was felt that this showed a "decreased power of consumption on the part of the working classes," and "diminished income and reduced profits among the members of the middle and wealthier ranks." The woollen manufactures in 1867 showed a decrease of 7% in value, and 12% in quantity. The iron trade showed a slight tendency to recover from "the unexampled depression of the previous year."⁽²⁾

(1) ANNUAL REGISTER, 1866, p. 184 - 185.

(2) ANNUAL REGISTER, 1867, p. 204.

It was said in the ANNUAL REGISTER, 1868:

"The shock given to confidence, the dullness of trade and the stagnation of enterprise engendered by the calamitous failures of 1866 still exercised their paralysing influence on the money market and straitened the means of large classes of the community."⁽¹⁾

As to the cotton manufacture, the ANNUAL REGISTER, 1866, said:

"In the last days of the year the announcement that the Lancashire cotton mills were about to work half-time proved that one of the chief branches of English industry were still suffering from the want of demand."⁽²⁾

The Opposition press in France was quoted as saying in 1868:

"Business is everywhere in a suffering state, the winter is severe and we are receiving the most lamentable account from Rouen, Lyons and all the great manufacturing centres."⁽³⁾

In the United States the NATION, June 25, 1868, remarked:

"The people of the United States are and have been for several years past steadily decreasing in wealth.

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"We are producing more wool than we fairly know what to do with."⁽⁴⁾

J. H. Clapham has noted, in ECONOMIC DEVELOPEMENT OF FRANCE AND GERMANY, 1815 - 1914, that in 1866 of 435 blast furnaces in Germany, 210

(1) ANNUAL REGISTER, 1868, p. 2.

(2) IBID., p. 185

(3) IBID., p. 190

(4) THE NATION, June 25, 1868, p. 504.

were 'blown out' and that industry was generally stagnant. (1)

In the EDINBURGH REVIEW, January, 1868, appeared an article on "Trade and Navigation of the United Kingdom". In this survey it was stated that trade was distressed in England and on the Continent and that at the same time money was at 2%. Sixty million pounds of gold were piled up in the vaults of London and Paris. Nevertheless, there was no borrowing, no prosperity. It was said:

"Twenty months have elapsed since the great breakdown of 1866 and the tone of commerce is scarcely improved Prices have remained low for almost every kind of goods as well as every kind of stocks and shares: and the eagerness of the sellers only served to increase the timidity of the buyers Railway enterprise never languished so much.

"France has not fared better than ourselves, the French have been sharply checked in that victorious march on the road of commercial and industrial development, all the heart has been taken out of business in Paris as in London."⁽²⁾

The writer thought the collapse of the English railway finance had a bearing on the suffering. He continued:

"Nothing is more characteristic of the last two years than the universal nature of the depression which prevailed. The incomes of countless families must have been most seriously curtailed and the results of reduced expenditure have everywhere told upon the home trade,

(1) Clapham, J. H., ECONOMIC DEVELOPEMENT OF FRANCE AND GERMANY, 1815-1914, p. 284.

(2) Trade and Navigation of the United Kingdom, EDINBURGH REVIEW, January, 1868. p. 242 et seq.

for many years there has never been so little buying, so much stagnation.

"When we speak of the want of enterprise, the dullness of trade, we have not in our minds the disappearance of the happy promotor, the butterfly of financial activity, there has been less buying and selling of staple commodities, and where an article used to be sold three or four times over it is now sold only once In a word trade is conducted from hand to mouth." (1)

After mentioning the falling off of foreign trade, the article continued:

"Look at the failures in Liverpool and hear the confession of Liverpool men - very frankly made - that the whole place has almost been 'cleaned out'".

It was said the capital was cheap but in many cases could not be hired: "Capital is on strike, out of employ". (2)

Regarding the cotton trade, it was remarked:

". . . . we have heard the saying in Liverpool that 1865 ruined the speculators - 1866 the merchants - and 1867 the producers. (3)

The American tariff had kept out goods:

"We have greatly increased our trade with our nearest neighbours, and curtailed it with America and the Antipodes.

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"An increase of exports may sometimes be the result simply of a desperate effort. Unable to get rid of their stocks, manufacturers sometimes consign them, as a forlorn hope, to the far east, in order, if

(1) Ibid.
(2) Ibid.
(3) Ibid.

they cannot sell, at least to procure an advance of money on their goods from the firms to whom they entrust the sale."⁽¹⁾

However even in the eastern trade there had been no great increase and home trade was bad because of the breakdown of credit. It was thought:

"Such stagnation may drive them to divert goods intended for sale at home into the foreign market and those habitually engaged in foreign trade may find themselves undersold."

It was concluded that, "legislative mistakes and temporary embarrassments of some of our transatlantic customers" had been largely instrumental in ruining trade.⁽²⁾

A gradual commercial recovery was followed by years of activity which continued until the year 1874. An article "Cycles in Trade", in the BRITISH QUARTERLY REVIEW, July, 1876, remarked on the revival of prosperity in Britain in 1870, and added: "

"The three years that followed marked the highest range to which British commerce, and indeed we may say the trade of the world, ever advanced. . . ."⁽³⁾

This article pointed out, however, that a decline in trade was evident by 1874, and that in 1875, although there was no extreme distress, commercial difficulties had appeared, and the default of South American states had caused the general distrust of foreign loans.⁽⁴⁾

The ANNUAL REGISTER, 1875, reported:

(1) Ibid.

(2) Ibid.

(3) Cycles in Trade, BRITISH QUARTERLY REVIEW, July, 1876, p. 59 et seq.

(4) Ibid.

"The depression of the last two months has served as a useful admonition that shoals exist in the wide waters of our financial system" (1)

By the following year, 1876, England was in the midst of another general depression. The ANNUAL REGISTER said:

"The depression which was felt in all departments was attributed by some not so much to an actual falling off, as to the cessation of a temporary inflation The report of the Parliamentary Committee on the Trade Unions' Congress presented a doleful picture. The coal and iron trades were suffering severely and, 'The extraordinary reductions in the wages of the men in these departments were causing great suffering and privation, not only to the men and their families, but to the retailed trades in those districts'. The textile trades were also in a very unsettled condition; and the short-time movement adopted by many mill owners was said to have caused considerable suffering among the workers." (2)

The Building trade was an exception and was prospering, having escaped the excessive competition and loss of foreign markets which affected the other trades:

"This may be taken as a proof that notwithstanding the fluctuations and distress of certain branches of commerce, the steady progress of the country has not been suspended There can be no doubt that one of the causes leading to this depression of trade was the continued friction in the relations between capital and labour." (3)

(1) ANNUAL REGISTER, 1875, p. 138.

(2) ANNUAL REGISTER, 1876, p. 86

(3) Ibid., p. 87.

The author of "Cycles in Trade", which, as has been mentioned, appeared in the BRITISH QUARTERLY REVIEW, in July, 1876, thought that people readily accepted the generalization that there was an ebb and flow in commerce. He said:

"Action and reaction are a law life and the confidence engendered and the hopes kindled in a time of abounding prosperity are apt to carry production to an excess. Markets are glutted as the supply far exceeds the demand, and the time comes when the process of sending goods for sale must be abandoned."⁽¹⁾

The writer thought we could avoid over-production and, "thus the probability of periodical panics may be reduced to a minimum."⁽²⁾
He continued:

". . . though trade will always have its ups and downs there is no reason that these should be so excessive as they have been in the past."⁽³⁾

The situation in 1876 was then considered in this article:

"During the past two years, and more particularly during the last 12 months, British trade has been in a semi-paralysed condition, Some of our staple industries no longer command a market abroad and the conditions of production in our own country are so unfavourable that our manufacturers are beaten even in the home market by the foreign competitor, in articles in which we used to command an assured ascendancy

(1) Cycles in Trade, BRITISH QUARTERLY REVIEW, July, 1876, p. 59 et seq.

(2) Ibid.

(3) Ibid.

. . . .It is true there is still done amongst us a steady home trade What has collapsed is our speculative and foreign business - the trade of enterprise and progress which seeks new outlets and by means of cheapened production and improved methods enables our merchants and manufacturers to beat the foreign competitor in his own markets."⁽¹⁾

The depression was almost universal it was said:

"It is not England alone but the commercial communities of both the Old World and the New which are suffering from the same malady - some of them to an even larger extent than England. In Europe the only country which forms a partial exception is France, and the more recent symptoms indicate that it too has begun to feel the influence of restricted trade. Germany is specially depressed after the swift development of feverish and deceptive enterprise produced by the influx of the French milliards; On the other side of the Atlantic both the United States and the Dominion of Canada have suffered and continue to suffer severely In the far east trade with India and China is in a state of collapse and the severe depreciation which has occurred in the value of silver threatens to involve our Indian Empire in serious trouble if not to be the source of disastrous calamities.

"Such wide-spread depression must be due to wide-spread general causes. There is a solidarity between all the civilized countries of the world now that they are bound intimately together by railways and telegraphs, The United States have been passing through a long-

(1) Ibid.

drawn-out commercial crisis ever since the failure of the well-known firm of Jay Cooke and Company, in 1873. . . ."(1)

Turning back to England the writer stated:

"Many manufacturers in Lancashire continue working indeed because they are reluctant to throw their mills idle, but they are not getting sales for their products, and they are only therefore increasing the quantities of stocks which are glutting the market, more and more depreciated in value.

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"The United States took huge strides after the close of their civil war, and the stimulus given to production, and the large extent to which new markets were opened induced the belief among our American cousins that they had the ball at their feet, and that they had only to use their opportunities to 'whip creation'. All forms of internal enterprise and the extension of foreign trade combined to encourage the Americans in their recklessness; and they went on never dreaming of a check, over-producing, overstocking markets and driving speculation to an extreme never before heard of, till they were rudely pulled up by the events of the autumn of 1873. Since then they have been suffering from the suspension in all kinds of enterprise which has now become general,"(2)

This article was concluded with a suggestion that people study the differences, not the resemblances, of panics and commercial depressions. As to the depression in 1876, it was said:

(1) Ibid.
(2) Ibid.

"It is not difficult to account for the present universal depression in trade as the natural reaction from a period of unexampled universal prosperity, which was due to a series of exceptional events, including the exultation of peoples and the consequent recklessness of their trading after a time of war and aided by the material progress rendered possible through the multiplication of railways and telegraphs."⁽¹⁾

The *TIMES* in its summary at the end of 1876, said:

"There has been hitherto no symptoms of a revival of industrial activity. The iron trade is still in the lowest state of depression and the absence of enterprise has produced unprecedented cheapness of money."⁽²⁾

The following year, 1877, the *ANNUAL REGISTER* reported:

"The attitude of the commercial world was anxious if not uneasy; but, though but slight signs of a revival of trade were to be detected, it was hoped, as England only shared in a general depression, the apparent stagnation in business would not in the end seriously affect the comfort and well-being of the majority of the people. The condition of our export trade however, . . . demanded great confidence in the resources of the British manufacturer and merchant, . . . 'short hours' and 'full wages' at home being dangerous enemies to the development of trade when allied with political uncertainty in Europe and domestic difficulties in America."⁽³⁾

(1) Ibid.

(2) *ANNUAL SUMMARIES FROM THE TIMES*, Volume II, The Year 1876, p. 15.

(3) *ANNUAL REGISTER*, 1877, p. 9.

As to the United States, the ANNUAL REGISTER said:

"Trade and commerce was depressed, wages fell and great numbers could not obtain employment."⁽¹⁾ There was a "widespread strike of railway hands and riots of the most appalling character."⁽²⁾

The TIMES in its Summary of 1877, stated:

"Another impediment to commerce and industry consists in the tendency of several European States to revert to the obsolete doctrine of protection.

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"One among many causes of the continued depression has been war in the East"⁽³⁾

By 1878 some of the English workers were driven to violent methods and the ANNUAL REGISTER, for that year, reported that labourers in Lancashire had burst into rebellion. When men and masters could not agree on wage reductions, "the workmen broke into open rioting", The ANNUAL REGISTER, said:

"The prolonged depression of trade and finance, of which this outbreak was one of the most striking signs, was now assuming very serious proportions."⁽⁴⁾

However the strikers were forced to submit:

"The immediate causes of the surrender were stated by the Weavers' Committee to have been the exhaustion of the benefit societies, and the feeling created by the riots They repeated that the cause of distress was over-production, which had been checked by the stoppage.

(1) Ibid., p. 283.

(2) Ibid.

(3) ANNUAL SUMMARIES FROM THE TIMES, Volume II, The Year 1877, p. 27-28,

(4) ANNUAL REGISTER, 1878, p. 62.

They expected, if the purchasing power of the working classes were not enhanced and raw cotton made cheaper, to see a crisis as severe as that produced by the American War."⁽¹⁾

It was said in the summary of 1878, in the TIMES:

"The depression of trade which has been deplored for the past four years has not been removed; it has sunk indeed to a lower level than before. Fortunately a good harvest and plentiful supplies from all foreign countries have kept down the price of bread"⁽²⁾

The ANNUAL REGISTER, 1878, quoted from the 'BRADFORD OBSERVER' which said:

"Our four last annual reports describe however, an uninterrupted succession of bad years and it may thus be inferred that while former panics had simple causes the present chronic depression must be owing to a complication of disastrous influences . . . A constant waste of capital has been going on ever since the beginning of the war of secession in the United States which that rich country, with all its recuperative powers, is only now beginning to replace."⁽³⁾

The writer of this account blamed the American war, the wars, between Prussia and Austria in 1866, between France and Germany in 1870-71 and the Russo - Turkish War in 1878, as well as the armed peace, for keeping millions of workmen from productive labour and increasing taxes, thus reducing the purchasing value of the peoples' work. It was stated that, following the American Civil War and the Franco - German war:

(1) Ibid., p. 67.

(2) ANNUAL SUMMARIES FROM THE TIMES, Volume II, The Year 1878, p. 57.

(3) ANNUAL REGISTER, 1878, p. 249. et seq.

"No amount of machinery appeared sufficient to satisfy an apparently unlimited demand; and foreigners competed with English manufacturers in their eagerness to reap the golden harvest."⁽¹⁾

After the Franco - German war, British exports fell off; the French and German industries were supplying more of their country's needs. Moreover, famines in India and China occurred at the same time as a 20% fall in the value of silver and reduced the value of British exports.⁽²⁾

"Notwithstanding these losses", it was noted, "exports increased and continued to glut the market, until the failure of the City of Glasgow and other banks revealed the rotten system upon which this large trade rested. There is no necessity for dwelling at length upon events which are familiar to all, but they explain the general distrust and the absence of demand which gives to all our markets so gloomy an aspect.

"Let us summarize the causes of the complaints, which are by no means confined to this country. A succession of wars, excessive armaments, and increased taxation: an unhealthy speculation subsequent to an extraordinary displacement of capital; a fictitious prosperity and exaggerated rate of wages and a spirit of extravagance pervading all classes; the reaction intensified by enormous losses on investments in Turkish, Egyptian and sundry South American bonds, no less than in joint stock undertakings at home, which all promised large dividends and ended in failures; famines in the East occurring at the same time when a fall of 20% in the value of silver disorganized one of our most important markets;

(1) Ibid.

(2) Ibid.

and lastly, the failure of banks and firms in consequence of an inflation of credit beyond all previous precedents."⁽¹⁾

The DAILY NEWS was quoted by the ANNUAL REGISTER, stating that the trouble was caused by too much taxation. The taxes amounted to £130 million per annum. The NEWS said:

"The real remedy is neither for the manufacturer to lessen production nor for the working man to ask for less wages, but for all to combine in compelling legislators of both parties (for both are concerned) to find means of cutting down this huge imposition."⁽²⁾

The TIMES, reported prosperity in America and France in 1878.⁽³⁾

The SATURDAY REVIEW, in 1878, published an article, "The Cotton Trade", which stated:

"Many customers are in fact dead or bankrupt by reason of Eastern famines, of bad harvests and of political disturbances. It follows, therefore, that it is better to cause an artificial scarcity than to produce large quantities at a lower rate.

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"The community at large may regard with just but ineffective jealousy deliberate attempts to make production dearer. If purchasers have a moral right to commodities at their natural price they can only enforce their claim by competition. In almost all foreign countries at the present time, as formerly in England, the producers have successfully conspired against the consumers; but free trade, where it exists, restores natural relations."⁽⁴⁾

(1) Ibid.

(2) ANNUAL REGISTER, 1878, p. 253.

(3) ANNUAL SUMMARIES FROM THE TIMES, The Year 1878, p. 71 - 72.

(4) The Cotton Trade, SATURDAY REVIEW, September 14, 1878, p. 326 - 327.

The same magazine included in November, 1878, a discussion of "The Fall in Wages". The writer stated:

"The prevailing depression, as we have often had occasion to point out, is caused by a failure of consumption. We have in this country, capital, labour, skill and machinery enough to produce a vastly larger amount of goods than our customers are able to buy from us. Hence our difficulties."⁽¹⁾

Conditions during the early months of 1879 were particularly bad in England. The ANNUAL REGISTER stated:

"From all the larger towns came the same sorrowful tale, thousands of families, which in times of ordinary prosperity lived in decent comfort were said to be on the brink of starvation."⁽²⁾

Mr. Rylands said, in the House of Commons, that heavy taxes injured manufacturing and farming and he objected to the amounts spent outside England.⁽³⁾

"We can have no confidence in the future", he said, "so long as the Imperial policy of the present Government exists."⁽⁴⁾

The ANNUAL REGISTER said, of the agriculturists:

"It was calculated that no such distress had been felt among farmers for 30 years It was not merely a succession of bad harvests that they had to contend against; for the first time in our history they

(1) The Fall in Wages, SATURDAY REVIEW, November 24, 1878, p. 558.

(2) ANNUAL REGISTER, 1879, p. 1

(3) Ibid., p. 48.

(4) Ibid., p. 48.

had diminished produce without a rise in prices. The fact that prices remained stationary was due to the enormous importation of corn from abroad from the vast tracts of fertile land in the United States and in Canada."⁽¹⁾

As a result the English farmers expressed their desire of protection; "They called themselves the advocates of Free and Fair Trade."⁽²⁾

"The departure of the steamship 'Helvetia' from Liverpool for Texas, with eighty farmer emigrants ought to be recorded as a sign of the times," said the ANNUAL REGISTER. "So large an exodus of farmers had never been chronicled before."⁽³⁾

In 1879 BLACKWOOD'S MAGAZINE, in reviewing the parliamentary session, reported:

He (Mr. Gladstone) declared that the causes of distress were too vast, too numerous and too complicated to be recovered by any small adjustment of taxation. He could recall no period of agricultural suffering which in its intensity equalled the present. A succession of bad harvests inducing a loss of general wealth to the extent of £30,000,000, accompanied with falling prices, which aggravated the farmers' losses, had depressed agriculture, commerce and trade. Of these, agriculture has had to contend with increased importation to an extent which has reacted on production so largely that a million acres have gone out of cereal cultivation In general trade and commerce the prices have fallen while the volume has not declined. If the causes of agricultural depression are as permanent as they

(1) Ibid., p. 82

(2) Ibid., p. 82

(3) Ibid., p. 90

are serious, rents must permanently decline and the farming class will diminish in numbers and influence."⁽¹⁾

THE SATURDAY REVIEW, for March 8, 1879, dealing with "The Depression in Trade", remarked on the decrease of English foreign trade and deplored the adulteration of English manufactures.⁽²⁾ Another article, on "European Finance", in this periodical, said in part:

"There is much distress in some parts of France, not so much as in England, partly because the manufacturing industries of France are smaller and partly because French workmen are not quite so prone to quarrel with their bread and butter as English workmen are. . . .

"Italy, Austria, and Germany may be classed together in a group, as all being in some kind of financial embarrassment, as all seeking to provide a remedy by the increase of import duties of a protective kind, and as all owing their embarrassment, partly to bad times, principally to a military expenditure disproportionate to their resources. How the protective duties work in Italy has been explained in an interesting letter from Mr. Wedgwood in which he shows that the export trade of English earthenware to Italy has been checked until at last it has been killed off and the Italians are left to use their own rude crockery."⁽³⁾

A third article in the SATURDAY REVIEW, was concerned with, "The Eastern Trade and Eastern Banks." The following passages are quoted from this account:

"That the Eastern trade is depressed certainly admits of no dispute A succession of famines in India impoverished the population and

(1) BLACKWOOD'S MAGAZINE, September, 1879, p. 384.

(2) The Depression in Trade, SATURDAY REVIEW, March 8, 1879, p. 286.

(3) European Finance, SATURDAY REVIEW, January 4, 1879, p. 3.

at the same time has raised the price of food so high as to trench seriously on the incomes of all classes. . . . The poverty of the population, of course, prevents them from buying English goods as formerly. At a recent meeting of the Bombay Chamber of Commerce, the president stated that the prices of European wares had fallen almost 12%, which, added to the depreciation of silver, makes a total fall of 32%, or about one-third, "and as a consequence," the import trade from England no longer yields its old profits and yet the warehouses are glutted with commodities. . . . In China also, the same causes - famine and depreciation - are at work and are aggravated by war expenditure. Lastly, the depression which we are experiencing in Europe reacts upon Asia".⁽¹⁾

"Nevertheless the writer concluded that the fall in profits in the oriental trade was not disastrous."⁽²⁾

Under the heading, "The Failures of 1878", the SATURDAY REVIEW said:

"But the main point is that the extreme depression to which we have referred is confined to a very few great industries - iron, coal, cotton and farming. Outside these there has been stationariness rather than depression and the business done has been fairly prosperous."⁽³⁾ Another article on, "The Fall in Prices," said:

" . . . We may say that in the period of inflated trade a point was reached at which the supply of commodities outstripped the demand and a decline of prices was the necessary consequence. The failures of 1875 aggravated the situation. The repudiations by foreign governments diminished

(1) The Eastern Trade and Eastern Banks, SATURDAY REVIEW, March 8, 1879, p.430.

(2) Ibid.

(3) The Failures of 1878, SATURDAY REVIEW, February 8, 1879, p. 176.

very greatly the incomes - that is the purchasing power of the middle class. And the crisis of the past year gave a new impetus to the depreciation. Thus discredit and overproduction stand foremost among the causes of the fall. Next to these is to be ranked the influence of three successive bad harvests."⁽¹⁾

The TIMES, recorded a slow revival of trade and manufacturing in the fall of 1879,⁽²⁾ and the ANNUAL REGISTER, noted the beginning of prosperity in America and its spread to England towards the end of the year.⁽³⁾ For the year 1880 the TIMES reported a "decisive revival of all branches of trade", in England,⁽⁴⁾ and in its summary of 1881 the TIMES said:

"The President of the Board of Trade, in his speech at the Carpenters' Hall a few weeks ago, was able to appeal to the official returns of his department as showing that, "the enormous value of our trade continues to roll on in ever-increasing and swelling flood."⁽⁵⁾

Unfortunately however the eighties did not prove to be a wholly prosperous decade. THE EDINBURGH REVIEW, July, 1893, quoted from Claudio Jannet's writings:

"The year 1882, . . . was remarkable throughout the world for a cessation of commercial activity. Production during the preceding years had overtaken the demand: the markets were overstocked and the prices of many articles fell rapidly."⁽⁶⁾

However, according to the TIMES, trade and industry in England were not greatly depressed throughout 1882⁽⁷⁾ and 1883⁽⁸⁾, although the

(1) The Fall in Prices, SATURDAY REVIEW, January 25, 1879, p. 113.
(2) ANNUAL SUMMARIES FROM THE TIMES, Volume II, The Year 1879, p. 86.
(3) ANNUAL REGISTER, 1879, p. 90 - 91
(4) ANNUAL SUMMARIES FROM THE TIMES, The Year 1880, p. 118.
(5) ANNUAL SUMMARIES FROM THE TIMES, Volume II, The Year 1881, p. 148.
(6) Use and Abuse of Wealth - Consideration of LE CAPITAL, LA SPECULATION, ETC., par Claudio Jannet, EDINBURGH REVIEW, July 1893, p. 139.
(7) ANNUAL SUMMARIES FROM THE TIMES, Volume II, The Year 1882, p. 179.
(8) Ibid., The Year 1883, p. 207.

agriculturists suffered. In 1884 trade was 'torpid' and agriculture still depressed.⁽¹⁾ The ANNUAL REGISTER, for 1884 said:

"As regards the trade of the United States, the year 1884 was one of curtailment in production and industry, and of shrinkage in the market value of nearly all articles but yet it was not a year of exceptional depression."⁽²⁾

The FORTNIGHTLY REVIEW, January, 1885, printed an article on "Agricultural and Commercial Depression," by Stephen Williamson, M.P. Mr. Williamson wrote:

"To many farmers in foreign countries it will not be a matter of choice but of necessity to reduce their acreage under wheat cultivation. For the first time in modern history the wheat crop of the world has been considerably in excess of its power of consumption. . . .

"Now, an excess of 5,000,000 or 6,000,000 of quarters of foreign wheat pressed upon the markets of England, France, and Belgium beyond ordinary requirements has been quite sufficient, in the present abnormal condition of affairs, to force down prices to their present extremely low level;"⁽³⁾

Depressed wheat prices had caused the movement for Fair Trade to revive, but Mr. Williamson decried protection and advocated that English farmers apply themselves to raising more dairy products.⁽⁴⁾

"Turning now to the consideration of the depression in Commerce," he said, "I venture to contend that we are mainly suffering from over-production in those industries most seriously affected at the present time.

(1) Ibid., The Year 1884, p. 235.

(2) ANNUAL REGISTER, 1884, p. 407.

(3) Williamson, Stephen, Agricultural and Commercial Depression, FORTNIGHTLY REVIEW, January, 1885, p. 70 et seq.

(4) Ibid.

The shipowning interest is the one which is suffering most severely, but the reason for this is not for to seek. . . ." (1)

It was pointed out that, "seeing that stean vessels do three times the work of sailing ships," the increase in carrying capacity in the previous eight years had been very great (2)

The author continued:

"In any case we are not losing our supremacy, for if the position of affairs is bad with our ship-owners, it is infinitely worse with all our foreign competitors. . .

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"The cessation of iron shipbuilding and the collapse of railway enterprise in America have naturally affected our iron industry and for the present the making of iron is unprofitable, unsatisfactory and restricted." (3)

However, the writer said the textile, copper and coal trades were fairly prosperous. He continued:

"The class which has of late suffered most acutely, in addition to ship-owners and shipbuilders, is the mercantile body engaged in the import trade of the country . . . the plethora of commodities forced upon our overstocked markets has been ruinous to many of our merchants and the depletion which has been going on in so many quarters must have seriously curtailed the aggregate capital of merchants engaged in the transaction of our foreign commerce."

Mr. Williamson however, contended that England was holding her own, and had "absolute supremacy in supplying more cheaply than any other

(1) Ibid.
(2) Ibid.
(3) Ibid.

competitor, the wants of at least three-quarters of the globe where manufactures do not exist or are almost unknown."⁽¹⁾ He did not advocate reciprocity or Fair Trade, but concluded thus:

"I have endeavoured to show that the present distress is of a very exceptional character and arises from causes which lie upon the surface, requiring neither parliamentary investigation nor remedial measures, such, at all events as those which 'fair traders' recommended to us."⁽²⁾

The TIMES, said of the year 1886: "Throughout the year the cry of the unemployed was loudly heard . . ."⁽³⁾ The ANNUAL REGISTER reported riots in London where unemployed were influenced by social agitators.⁽⁴⁾

"Modern Trade and the Means of Exchange", an article which appeared in the EDINBURGH REVIEW, July, 1886, was a consideration of monetary matters and the over-production theory. The following passages are excerpts:

" 'Over-production' is the common explanation of the present depression of trade just as it was sixty or sixty-five years ago under a similar visitation. Indeed the commercial aspect of a monetary dearth is always that of a 'universal glut', and in one sense of course, the phrase over-production is right enough, in as much as both labour and commodities, all the things which are paid for or exchanged in money, exist in larger proportion than hitherto compared with the reduced stock of money . . . Is the source of the difficulty that commodities are now being produced beyond the requirements of mankind? . . . But assuredly no one will

(1) Ibid.

(2) Ibid.

(3) ANNUAL SUMMARIES FROM THE TIMES, Volume II, The Year 1886, p. 316.

(4) ANNUAL REGISTER, 1886, p. 45 - 47

advance such a statement

"If over-production were the cause of the present depression of trade the natural and obvious remedy would of course be a diminution of production The result would not be remedy but increased suffering - further loss to employers and a universal reduction in the employment of labour The remedy must come from man's own action - from legislation and international accord or co-operation in monetary matters."⁽¹⁾

The writer of these words felt there was a lack of gold, and said:

". . . .the present monetary dearth has been produced through the demonetisation of silver and the growing scarcity of gold." He then stressed the great industrial progress of previous years and the growth of population and wealth. These, he said, operated "to create a scarcity of the circulating medium and to make this monetary dearth the parent of widespread distress."⁽²⁾

In "Perplexing Facts Regarding Employment," BLACKWOOD'S MAGAZINE, October, 1886, it was remarked:

"The number of women who have entered the different fields of labour must be one cause why labour is redundant with us."⁽³⁾

"Ought We Not To Spread Ourselves?", an article in the same issue of BLACKWOOD'S recommended emigration if the depression continued:

"It is a scandalous thing that while we possess half-peopled

(1) Modern Trade and the Means of Exchange, EDINBURGH REVIEW, July, 1886, p. 37 et seq.

(2) Ibid.

(3) Perplexing Facts Regarding Employment, BLACKWOOD'S MAGAZINE, October 1886, p. 531.

colonies . . . decent men should be left to roam the streets of our towns by thousands, complaining that though they don't want charity but only fair employment, the employment is not procurable."⁽¹⁾

Socialists were blamed for causing disturbances and adding to the results of the commercial depression.⁽²⁾

"The Conservatives and Fair-Trade", printed in the SATURDAY REVIEW, December 24, 1887, commented:

"No sound understanding, and much less any intellect as acute as Lord Randolph Churchill's, can fail to learn that artificial dearth affords no remedy for agricultural or commercial distress."⁽³⁾

The QUARTERLY REVIEW, January, 1888, contained an article "Some Lessons of Prosperity and Depression", the writer of which reviewed the economic history of the past few years. He pointed out that, in the decade following 1870:

". . . . America, recovering from the throws of a huge domestic conflict, drew largely on our aid in the work of restoration and extension. The continental wars created a demand throughout Europe for our products as well as for our sympathy. By 'leaps and bounds' our prosperity advanced. . . . Then however, followed a serious check. The internal development of the great Western continent made her more and more independent of our help. She wanted less of our steel rails for her railways, of our textile manufactures for her domestic use. On the other hand her great agricultural

(1) Ought We Not To Spread Ourselves, BLACKWOOD'S MAGAZINE, October, 1886, p. 534.

(2) Ibid.

(3) The Conservatives and Fair Trade, SATURDAY REVIEW, December, 24, 1887, p. 834.

resources, enabled her to supply us largely with grain and more recently with meat. Concurrently with this change we have had to bear a succession of seasons of terrible disaster to our own land and cultivation. And European nations have needed us less whether as manufacturers or carriers."⁽¹⁾

The deterioration of many British products was deplored and the relaxed effort of English people was ascribed to past prosperity. The author suggested that the state could help in the search for new markets, co-operating with large trading establishments. He also thought commercial education could be provided for young clerks.⁽²⁾

The SATURDAY REVIEW, for December 1887 noted that: "Trade in Europe has decidedly improved; in the United States there has been a marked revival; . . ."⁽³⁾ The revival was termed "moderate and steady"⁽⁴⁾ in 1888. The ANNUAL REGISTER reported a debate in the American House of Representatives on the formation of 'trusts', "dealing in the necessaries of life, for the purpose of controlling or curtailing their production or supply, thereby increasing their price to the people of the country," and that "the Committee on Manufactures was instructed to investigate all these combinations"⁽⁵⁾

The year 1889 saw much commercial activity,⁽⁶⁾ but in 1890 financial difficulties were encountered in both England and America. Labour disputes and consequent strikes hampered English recovery.⁽⁷⁾

(1) Some Lessons of Prosperity and Depression, QUARTERLY REVIEW, January, 1888, p. 63 et seq;

(2) Ibid.

(3) SATURDAY REVIEW, December 24, 1887, p. 888.

(4) ANNUAL SUMMARIES FROM THE TIMES, Volume II, The Year 1888, p. 352.

(5) ANNUAL REGISTER, 1888, p. 404 - 405.

(6) ANNUAL SUMMARIES FROM THE TIMES, Volume II, The Year 1889, p. 374.

(7) Ibid., The Year 1890, p. 397 - 398.

The TIMES reported 1891 as a year of uncertainty,⁽¹⁾ and that in 1892 there was stagnant British trade and general uneasiness in the financial world.⁽²⁾

"Trade in general", said the TIMES, which might by this time have recovered from the effects of the Baring collapse, (1890), has been depressed by the silver crisis; a difficulty at once extremely serious and as would appear by the failure of a strongly-manned International Monetary Conference at Brussels beyond the reach of any remedy known to bankers or to statesmen."⁽³⁾

By 1893 England was suffering from another general depression and especially from agricultural distress. In its report on proceedings in parliament, the ANNUAL REGISTER, 1893, stated that the Chancellor of the Exchequer, "quoted with approval Lord Salisbury's declaration that he would never consent to impose a tax on the food of the people", and that the former, "proceeded to say that the question of agricultural distress could not be satisfactorily treated by tampering with the currency of the country. In his opinion low prices were the result not of any monetary system, but of the development of greater means of production."⁽⁴⁾

As to industrial unemployment, Mr. Howard Vincent "contended that much of the existing distress was due to unjust fiscal laws."⁽⁵⁾ Sir H. Meysey-Thompson spoke in favour of bimetallism claiming that, "Gold had

(1) Ibid, The Year 1891, p. 422 and p. 431.

(2) Ibid., The Year 1892, p. 457.

(3) Ibid., p. 469

(4) ANNUAL REGISTER, 1893, p. 24.

(5) Ibid.

been rendered artificially scarce and prices had been artificially depressed with disastrous results to agricultural and manufacturing production."⁽¹⁾

This fall in the prices of agricultural products had been very marked:

"Mr. Lopes declared that prices had fallen so much in the last eight years that the wheat, barley and oats sold in England and Wales in 1892 realized eight million pounds less than was obtained for the quantity sold in 1885. Since 1890 the value of live stock had depreciated seventy million pounds."⁽²⁾

As to the United States, in 1893 the ANNUAL REGISTER remarked:

"A period of general depression at Chicago followed the World's Fair and 40,000 men were out of employment The action of the Indian Government, in June, in closing their mints against the free coinage of silver had a profound effect upon the financial situation in the United States, Serious business depression prevailed throughout the whole country, 318 mines in Colorado stopped working and 30,000 workmen were thrown out of employment in that State. For a long time there had everywhere been a great falling off in trade and it was generally supposed to be owing partly to the enforcement of the Sherman Act of July 14, 1890, that compelled the Government to buy 4,500,000 ounces of silver per month."⁽³⁾

The ANNUAL REGISTER, 1893, also gave President Cleveland's

(1) Ibid., p. 61
(2) Ibid., p. 98
(3) Ibid., p. 462 - 463

Message to Congress on August 8, which read, in part, as follows:

"With plenteous crops, with abundant promises of remunerative production and manufacture, . . . suddenly financial distrust and fear have sprung up on every side:

"I believe these things are principally chargeable to Congressional legislation touching the purchase and coinage of silver by the general Government."⁽¹⁾

Regarding the situation in the United States, the ANNUAL REGISTER remarked:

"During all the recent agitation of the silver question a very large part of the public had been urging that the silver purchase was not the sole nor the greatest cause of popular depression and discontent - that the paramount baneful influence was deeper. The tariff uncertainties, it was claimed, were the chief reasons why mills were stopping and why merchants were curtailing their business;"⁽²⁾

In England the farmers wanted protection from foreign competitors. In the CONTEMPORARY REVIEW, September, 1893, Richard Heath dealt with, "Agricultural Depression in East Anglia." Heath said that the labourers of Norfolk and Essex claimed, "that farmers are everywhere reducing the number of those employed, the land being starved and left full of stones and weeds"⁽³⁾

Heath quoted a Norfolk labourer who had said:

"When people say its the competition of the foreigner that ruins

(1) ANNUAL REGISTER, 1893, p. 464.

(2) Ibid., p. 469.

(3) Heath, Richard, Agricultural Depression in East Anglia, CONTEMPORARY REVIEW, September 1893, p. 443 et seq.

agriculture rendering corn so cheap I ask what foreigner? - it's the English - Foreigner you mean; isn't it the people driven off English land to America who raise the corn you complain of?"⁽¹⁾ . . .

Heath continued, attacking the land system:

"The longer the present agricultural depression continues, the more it is shown to affect all classes, the more it appears the result of an ever-increasing foreign competition, the less possible will it become to defend the present system."⁽²⁾

The depression continued in England throughout 1894 and 1895. In the CONTEMPORARY REVIEW, May 1895, J. A. Hobson discussed "The Economic Cause of Unemployment". He said:

"If by over-production is meant a continued process of glutting the general market with an accumulation of goods which could not be sold, such an operation is impossible. But if what is signified is a long continued existence of a general excess of producing power beyond what is economically required to supply the current rate of consumption, such excess is plainly attested by modern industry. Moreover, it was admitted in unmistakable language by the (same) Majority Report of the Commission on the Depression of Trade in 1885 which rejected with scorn the notion of "a general over-production". In its general summary the Report says, "That owing to the nature of the times the demand for our commodities does not increase at the same rate as formerly; that our capacity for production is consequently in excess of our requirements and could be considerably increased at short notice; that this is due, partly, to the competition of

(1) Ibid.

(2) Ibid.

the large amount of capital which is being steadily accumulated in the country'. The Minority Report finds the gist of trade depression in 'a long continued fall of prices - in many cases the result either of actual over-production or of a capacity of production in excess of the demand'. This Commission entirely throws over the notion . . . that an excess of producing-power in some trades must be balanced by a deficiency in others, that there can be no general excess, . . . The Minority expressly asserts over-production in the sense as taken above . . . The Majority though rejecting the general term 'over-production' admit as we saw the phenomena.

"The one fact which emerges with striking clearness from the whole investigation of the period 1875 - 1885 is that the producing-power of capital and labour, to which full employment was given in the years immediately following the Franco-Prussian War, was found excessive in quantity during the ten years which ensued. The same trade - malady - general under-employment of capital and labour has been plainly visible since 1890. In trade after trade it has been made manifest that the capacity of production is far in advance of the current or expected demand at a profitable price, and in all of them brief bursts of activity have alternated with long periods of torpor, during which, weaker mills, mines and works are closed, while others are working short time and large bodies of workers are kept half employed. In three staple industries, docks, cotton, coal-mining the attempts to fully utilize existing powers of production were directly responsible for prolonged stoppages during which the congestion was relieved at a terrible cost of suffering to the workers."⁽¹⁾

(1) Hobson, J. A., The Economic Cause of Unemployment, CONTEMPORARY REVIEW, May, 1895, p. 744 et seq.

The author of this article marked the great increase of middle men, the increase in distributors was greater than the increase of producers from 1881 - 1891, he said. Continuing Hobson said he regarded unemployment "as the labour aspect of a wider economic problem - viz., the excess of productive power over the requirements of current consumption."⁽¹⁾

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"No reform will be of the least avail in securing a net increase of employment unless it can be shown to increase the proportion of the general income of the community that is applied in demand for commodities. Unemployment means underconsumption and advocates of land reform, bimetallism, labour colonies and other remedies for industrial distress must show how their respective schemes will operate in raising the standard of consumption before they can establish any just claim to public consideration."⁽²⁾

In April 1895, an article appeared in the QUARTERLY REVIEW entitled "Perish Agriculture". After dealing with the distress of land cultivators the author wrote:

"There is no need to dwell upon the condition of tradesmen and shopkeepers in villages and country towns or of other persons who depend for a living to a great extent upon the custom of land-owners and farmers, as it is well known that they have been pinched severely.

"If we turn to the position of manufactures we find it only less bad than that of agricultural producers. The depression in our industries

(1) Compare with J. A. Hobson's theories as expressed in his later works.
(2) Hobson, J. A., The Economic Cause of Unemployment, CONTEMPORARY REVIEW, May 1895, p. 744 et seq.

generally is beyond dispute That manufactures generally must have suffered from the loss of home trade involved in the enormous reduction in the returns of agriculture is obvious and as exports also have greatly reduced in value there is no compensation in foreign trade."⁽¹⁾

A writer in the EDINBURGH REVIEW, July 1895, took a different view. In "Depression Corrected" he stated:

As a matter of fact, good and bad times, to any patient observer from the outside, would appear very much alike, both being periods of real prosperity to the masses of the community and only varying from each other by a small percentage of the amount annually produced and consumed"⁽²⁾

As to the talk about the depression of that time, this critic said:

". . . . (it) is either a blunder; or it is worse, the deliberate exaggeration of faddists and others for their own purpose, assisted by the perennial tendency to gloom and exaggeration in these matters which characterises, apparently, the English race."⁽³⁾

The SPECTATOR, May, 1895, considered "The Liberal Remedy for Agricultural Distress", and said:

"The Tory idea, expressed usually through Mr. Chaplin or Colonel Howard Vincent, is always some sort of protection, and it is hardly worth discussing. The people simply will not have it.

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(1) Perish Agriculture, QUARTERLY REVIEW, April, 1895, p. 406. et seq.

(2) Depression Corrected, EDINBURGH REVIEW, July, 1895, p. 1 et seq.

(3) Ibid.

"The Liberal idea, on the other hand, is that, if the farmer were made more 'secure' - that is more nearly a copyholder or freeholder with a rent-charge, he would prosper;" (1)

The SPECTATOR, February 16, 1895, contained an article "One Cause of the Depression" which said:

"The economists are not in the highest credit just now Even when they agree as to the fact of depression they differ radically as to its causes. A large section of them assert that it is all caused by a currency disturbance, that is the demonetization of silver; while another large section believe this theory to be at bottom nonsense; a smaller section will have it that the world is producing too much of everything, especially foods and textiles, while their rivals again ask, with the smiles that mark conviction, if anybody knows of a country where the people have as much food to eat and as many clothes to wear as they would like." (2)

It was then pointed out that Mr. F. H. Whitehead, banker and member of the legislative Council of Hong Kong, had stated that the time had come when cheap Asiatic labour was injuring British Manufactures. The article continued:

"The Asiatic is claiming and winning the grandest of all markets, the Asiatic demand The Japanese have learned to weave as well as we can; and while in 1894, sixty-seven Lancashire mills returned losses of £410,000, the mills in Hiogo were declaring dividends of 17%. Moreover

(1) The Liberal Remedy for Agricultural Distress, SPECTATOR, May 18, 1895, p. 678.

(2) One Cause of the Depression, SPECTATOR, February 16, 1895, p. 224.

the Indian mills, which in 1876 - 1877 sent to China and Japan 8,000,000 lbs. of yarn, and 15,500,000 yds. of piece goods, sent in 1892 - 1893, 189,000,000lb. of yarn and 80,000,000 yds. of piece goods. Naturally the production in England declined, the value of her cotton goods, which in 1871 -1873 was £102,000,000, sinking in 1892 - 1893 to £89,000,000. Similar figures could be produced as to jute, coal, tin and 'other industries' and in fact wherever wages tell the competition of Asia already begins to be successful.

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" . . . new mills are starting everywhere in Bombay and Bengal, and the Japanese are only just entering the field and China will in a few months be thrown open to both their industries" (1)

It was remarked that Mr. Whitehead thought bimetallism would prove a remedy but that this seemed very doubtful. The article continued:

"Our statesmen say, on the other hand, that we must have new markets and are getting them by conquest, by commercial treaties, and by using Mr. Cecil Rhodes; but the method, attractive as it is, seems to be imperfect. . . . Lord Roseberry believes, we fancy, in some Federal policy which is to make the Empire self-contained As for the manufacturer's own remedy - a grand all-round reduction of wages - we look upon it as hopeless, for the inevitable resistance would kill any trade in the world." (2)

Protection was termed, "childishness and nothing better". (3)

The discourse ended with a note of optimism:

"The accumulated mass of capital in this country must be enormous, and English energy armed with that weapon and supported by nearly forty millions of industrial workerw, will, if one occupation fails, sooner or

(1) Ibid.
(2) Ibid.
(3) Ibid.

later find another."⁽¹⁾

There was cause for optimism in 1897. The ANNUAL REGISTER reported that, in that year, "trade was good", in England,⁽²⁾ and that in the United States, "Business conditions were improving at the end of the year."⁽³⁾

The recovery continued and during the last years of the century England, as well as most of the world, was in a very prosperous state.

(1) Ibid.

(2) ANNUAL REGISTER, 1897, p. 233.

(3) Ibid., p. 396.

CHAPTER VII

The Period From 1900 to 1914.

England was especially prosperous at the close of the century as is evidenced by the following quotation from the ANNUAL REGISTER for 1899:

"In a year which closed in the midst of a great, and so far most unsuccessful war, . . . it is at least pleasant to be able to record that trade and commerce flourished exceedingly. In almost all the great manufacturing industries of the country 1899 either reached or approached the highest output ever known. . . . Employment was remarkably good throughout the country, and speaking generally the workmen shared substantially in the benefits of excellent trade."⁽¹⁾

The following year however saw the beginning of the slow decline which apparently reached its lowest point in 1904. In December 1900 the ANNUAL REGISTER reviewed affairs at the close of the century and stated:

"Although politically the year has been full of trouble and perplexity, the trade of the country continued to enjoy a good deal of the prosperity which had marked the previous year. Colliery proprietors were able to maintain higher prices than had been reached since 'the boom' of 1873-4, and the prices did not seriously slacken other industries until the second half of the year, which, as it

(1) ANNUAL REGISTER, 1899, p.237-238.

advanced, witnessed a reduction in the production of iron and steel due as much to American competition as to the lack of fuel. Woollen and worsted industries were also affected by overproduction and speculation, and the cotton market by a failure of the supply of cotton from America, two bad crops having followed in succession. And on the other hand, the war in China was seriously affecting one of the chief markets for such goods. In most branches of trade, engineering included, the signs of increasing competition with foreign countries, especially Germany and the United States, had to be faced, and it was becoming more and more evident that in future Great Britain would not enjoy that monopoly of trade which she had possessed throughout the greater part of the nineteenth century."

Despite these adverse signs it was added that, "the general thriving condition of the artisan and agricultural classes caused the increased taxation to be borne without grumbling."⁽¹⁾

In considering the year 1900, the ECONOMIST noted the economic effect of the war:

"One of the causes which have operated to bring about this change for the worse (in reference to slackening prosperity) is the war in South Africa. It is true that certain branches of industry have benefited by the war, Government contracts having constituted their mainstay

(1) ANNUAL REGISTER, 1900, p.246

throughout the year. But apart from the curtailment of our ordinary trade with South Africa, a generally depressing effect has been produced by the prolongation of hostilities far beyond their expected term, and by the burdensome additions to taxation that have been made or are in prospect, in order to provide for the extremely heavy expenditure involved."⁽¹⁾

In America the ENGINEERING MAGAZINE for August, 1900, printed an article by George H. Hull on "Industrial Depressions and the Pig-Iron Reserve". This writer began by saying that depressions resulted "from an abnormal advance in the price of the great staples of the country." He said he would aim at full employment because there could be no over-production when all workers were employed. Hull referred to the appointment of commissions, in the preceding years, in industrial states, to solve the problem of recurring depressions, and added:

"It is the tendency of the human mind, to attribute industrial depressions to financial panics and other surface indications, especially to such causes as are most apparent to each from his individual standpoint. All see the froth and foam which ride on the crest of the wave, but few think of the strong unseen undercurrent which really disturbs the surface. A most striking confirmation of the prevalence of this tendency is found in the evidence of the thousands of witnesses who testified before these government commissions.

(1) The Year 1900, Supplement to the ECONOMIST, February 16, 1901, p.1

"The banker cites reasons connected with finance; the laborer cites reasons connected with wages, or with the relations of capital to labour; the merchant cites reasons connected with the tariff, transportation, competition, and the like. The clergyman and the moralist cite reasons connected with morals and religion. The manufacturer thinks depressions come from over-production and the politician believes that industrial depressions come from changes of administration, bad laws, etc. The English farmer thinks they come from free admittance to that country of foreign agricultural products. . . . None of these touch upon the powerful primary cause All are mere opinions."⁽¹⁾

The writer found that depressions were most severe in Great Britain, United States, Germany, France, and Belgium, and he concluded that economic fluctuations did not depend on local conditions.

"In seeking the cause of industrial depressions therefore," he stated, "we may clear the field of a large amount of rubbish by summarily dismissing from the investigation, as untenable, all alleged causes which are purely local, in a national sense, such as presidential elections, changes in tariff, demonetization of silver, national banking system, etc."⁽²⁾

Iron production, it was held, placed the important industrial countries in one group:

(1) Hull, George H., Industrial Depressions and the Pig Iron Reserve, ENGINEERING MAGAZINE, August, 1900, p.641 et seq.
(2) Ibid.

"Before iron became of preponderating importance to the industries of nations there were no industrial depressions, except those born of causes apparent at the time, such as pestilence, famine and war Iron is acknowledged to be the foundation on which the modern industrial system rests. If that system is disturbed it is most natural to look to the foundation for the cause of the disturbance."⁽¹⁾

The theory then put forward was that in good times investment in "houses, factories, railways, etc.", brought about a shortage of pig iron, resulting in an abnormal advance in price. "All the other staples could easily have been provided in quantities sufficient to have met the demand without abnormal advances in their price," said Hull, "because increased supplies were available."⁽²⁾

But there was never a large supply of iron ahead and the prices of other staples followed the rise in the price of iron. Hull declared:

"The increase in earnings which comes suddenly from abnormal advances is temporary and unnatural. It overstimulates business and speculation; When the inevitable decline to normal prices takes place it brings disaster.

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"No reformation is needed in the business connected with producing and marketing the necessities of life. The

(1) Ibid.
(2) Ibid.

government commissions have discovered that trade in food and clothing is attended with comparative uniformity, in magnitude and profits, in bad times as well as in good When the price of iron is under proper control, the industries connected with building will be as uniformly profitable as trade in food and clothing.

"The only possible way to bring iron under proper control is to accumulate, in each of the iron-producing countries of the world, a stock of pig iron equal to several months' production. It will not suffice to do this in one country only If this be done during the next few years, there will be no more periods of boom and no more periods of industrial depression, except such short temporary interruptions as may come from financial panics; in time, they, too, may be understood and prevented."⁽¹⁾

The commercial decline in England continued in 1901. F. Hareout Kitchin said, in the ANNUAL REGISTER, 1901;

"Financial affairs both in this country and in Europe have been greatly affected by the continuance of the war in South Africa. The cessation for nearly two years of the output of the Rand Mines has had a material effect in reducing the world's supply of gold. There has been little actual scarcity but all through 1901 the rates of interest were high and the prices of almost all securities were

(1) Ibid.

correspondingly lowered."

Foreign trade was said to have been good however but it was added:

"The competition of Germany was not very serious but that of America is enough to make British traders really 'wake up'."⁽¹⁾

In 1902 in the Supplement to the ECONOMIST, it was said:

"The ebb in the tide of commercial and industrial activity . . . continued with more or less force during the whole of the past year . . . Germany underwent a spell of intense depression - the result of too rapid expansion, over-production, and over-speculation in the preceding year. The inflation was greatly fostered by the facilities offered by the banks, several of which came to grief as a result of their operations in industrial share issues. Her competition was rendered somewhat formidable from the fact that her manufactures were compelled to get rid of their surplus production in order to keep going at all and often shipped it abroad to sell for what it would fetch. The United States, on the other hand, where the first set-back occurred early in 1900, enjoyed a recovery; so keen was the home demand for her products that it is stated foreign orders could not be accepted. That may be true to an extent, since, as in the

(1) Kitchin, F. H., Finance and Trade, ANNUAL REGISTER, 1901, p.235 et seq.

case of Germany, it is in periods of depression and over-production that her competition is most felt."⁽¹⁾

Early in 1901 the SATURDAY REVIEW, commenting on England's export figures, noted the changed conditions in England:

"There was a boisterous swagger about the huge total figures which, though not significant of real prosperity, made yet an appropriate close to the century which we have all been smugly admiring as so 'wonderful' and 'unparalleled'. The new century has opened in a more sober vein."⁽²⁾

In February the same periodical considered the labour situation:

"Trade returns in the LABOUR GAZETTE show that employment in many important groups of trade, especially those connected with iron and steel mining, shipbuilding and similar industries has continued to decline during January, and that it is worse than it was in January 1900. In other classes of trade also, if there is no such striking decline there is a certain decrease and inactivity. Wages have gone down and the numbers employed have decreased as well as the number of hours worked. It is the good fortune of the agricultural labourer that he seems to be escaping the general tendency for wages to sink and his employment to become less owing to the growing scarcity of his class. This condition of trade as regards the manufacturing occupation is, however,

(1) The Year 1901, Supplement to the ECONOMIST, February 22, 1902, p.1.

(2) The Year's Foreign Trade, SATURDAY REVIEW, January 19, 1901, p.70.

not a feature peculiar to England. There may be satisfaction to some people in tracing the decline to the war - the reaction of trade after war - but at any rate the report of French trade shows the same general features as in England."⁽¹⁾

At this period in England's history her commercial men were becoming increasingly alarmed at foreign competition. The writer of an article, "American Competition", in the SATURDAY REVIEW, June, 1901, said he could see the harm caused by American competitors, and added:

"The only sane thing to do is to acknowledge the fact and resist them as well as we can. At present we do neither . . . We have not taken trade scientifically as have the Americans, and we do not throw into it the same energy and concentration. In a sense we do not take it seriously."⁽²⁾

Arthur Gilbertson in a letter to the SATURDAY REVIEW pointed out the evils of tariffs and dumping. Under the title "Foreign Competition" he wrote:

"The failure of Great Britain to keep her old markets is really because those markets are now hedged in by protective tariffs and are no longer available to us. The fair field provided in these 'protected' countries to their own manufacturers has enabled them to charge such prices to their consumers that there has been an enormous development

(1) Notes of the Week, SATURDAY REVIEW, February 23, 1901, p.225.

(2) American Competition, SATURDAY REVIEW, June 8, 1901, p.729.

of their works, and their profits are so large that they have been enabled to spend lavishly on the best machinery and appliances.

"It is absolutely impossible for British Manufacturers with any amount of 'Education' or represented by skilful commercial travellers to attack the protected markets of America, Germany, etc

"Mr. Carnegie said some years ago (in a letter to the TIMES) that Great Britain had to learn the 'law of surplus'. We know now what that means; it is that America having expanded the production of steel beyond its own wants, sends the 'surplus', regardless of price, to Great Britain, rather than reduce production, which would make the 'yoting' workmen dissatisfied if they found the steel works idle say one week in every four. Any loss on their 'surplus' policy is covered very amply by the profits made on home consumption under the aegis of the protective tariff."⁽¹⁾

In a second and later letter Mr. Gilbertson advocated the adoption of tariffs by Britain to remedy declining trade and its evils. He stated: "It would help our revenue very much if we British took a leaf out of the Russian book and made the Americans pay something towards our taxation for the privilege of invading our home markets

"The necessities of the country demand a reconstruc-

(1) Foreign Competition, SATURDAY REVIEW, February 9, 1901, p.175

tion of our fiscal system."⁽¹⁾

In the POLITICAL SCIENCE QUARTERLY, March, 1901, F. W. Taussig, said:

"To the present reviewer the essential cause of the recurring eras of depression seems to lie in the complications of the division of labor - the prolongation and diversification of the successive steps in production, the wide separation of producer and consumer, and the impossibility of settled adjustment under conditions of great and rapid changes in the arts. Credit, speculation, banks, corporations, feverish pursuit of wealth, psychology, all these are accessory phenomena, to be subordinated in the exposition of the one dominant factor, the complex division of labor."⁽²⁾

Trade continued to be depressed during 1902 and in reviewing the year, it was stated, in the Supplement to the ECONOMIST, February 21, 1903:

"It must be remembered that certain branches of industry had been greatly stimulated by the war expenditure; and when that ceased they suffered an inevitable reaction, while there was no compensation impetus in other directions, since peace brought with it no relief at home from the heavy war taxation and consequently no augmentation of the purchasing power of the people, while the process of recuperation in South Africa, although it has already gone a good way, must

(1) The War of Tariffs, SATURDAY REVIEW, February 9, 1901, p.175.
(2) Taussig, F. W., A Review of ECONOMIC CRISES, POLITICAL SCIENCE QUARTERLY, March 1901, p.162.

of necessity be gradual." (1)

The ECONOMIST noted also that America was generally prosperous but the depression continued in Germany. (2)

Writing in ANNUAL REGISTER, 1902, F. H. Kitchin gave the cost of the South African War as £223,000,000. This huge cost had of course a decided effect on commerce. Considering the industrial condition of England Kitchin said:

"The most depressed industry during 1902 was that of shipping owing to the excess of tonnage over the cargoes to be carried; but this depression has only been partially felt in the shipbuilding yards. The decline in shipping freights has led to much distress in the principal parts. The depression is the natural result of the war, which, by taking up large numbers of steamers for transport work, induced a considerable amount of new construction. Now that the transports have been nearly all released from service and put into trade competition, there are more vessels than the country's trade, large as it is, really requires." (3)

By 1902 the financial men of London were finding themselves in difficulties. The SATURDAY REVIEW for August 2, observed that prices of South African shares fell 25 per cent. during the two previous months and added:

"There has been no panic in Throgmorton Street but

(1) The Year 1902, Supplement to the ECONOMIST, February 21, 1903, p.1.

(2) Ibid.

(3) Kitchin, F. H., Finance and Trade, ANNUAL REGISTER, 1902, p.250 et seq.

there have been very heavy losses, none the less wide and cruel because they have been judiciously covered up. There have been no failures to speak of only because great forbearance has been exercised by brokers to clients and by the members of the Stock Exchange to one another."⁽¹⁾

By December 1902 England was really suffering from depressed industries and under the heading "The Present Distress" the SATURDAY REVIEW said:

"At the beginning of the winter the ordinary distress which prevails amongst those whose occupations are affected by the season is likely to be intensified by the general decline in industry and trade which has been making its influence felt for some time and will in the course of the ensuing year most probably approach to something like a crisis There can be no war that does not disorganise the labour market; and one of the features of the present distress which has attracted particular attention is the case of the Reservists who, even if trade had not declined would have found themselves seeking for situations which had already been occupied. It is easy to understand how the artificial stimulus which war supplies to certain branches of industry is succeeded by natural reaction and legarthy when it is removed. Thus in ironworks, and shipyards and dockyards trade becomes dull, almost comes to a standstill

(1) The Peace Slump, SATURDAY REVIEW, August 2, 1902, p.136.

and men have to be discharged. Many of these, most of them in fact, will be the low-paid unskilled general labourers who, as in the case of unskilled labour in every department, are in such crowds and earn such low wages that they have no staying power when their regular pittance stops."⁽¹⁾

The conclusion was that work should be provided by public authorities.⁽²⁾

In the QUARTERLY JOURNAL OF ECONOMICS, February, 1902, G. C. Selden considered "Trade Cycles and the Effort to Anticipate". This writer pointed out:

"A large portion of the business community are accustomed to look upon the commercial crisis much as an epidemic of small-pox was regarded before the days of Jenner, - as a mysterious 'act of God', which cannot be foreseen or understood and can only be endured with what fortitude the sufferers are able to command The list of reasons which have been advanced at various times in explanation of panics is a long and amusing one. In several recent publications the 'sun-spot theory' is discussed with diverting seriousness and a late issue of a foreign magazine contains elaborate charts endeavouring to establish a relation between peer crops and crises."⁽³⁾

Selden considered such efforts useless and continued:

"The first point to which attention should be directed

(1) The Present Distress, SATURDAY REVIEW, December 20, 1902, p. 763.

(2) Ibid.

(3) Selden, G. C., Trade Cycles and the Effort to Anticipate, QUARTERLY JOURNAL OF ECONOMICS, February 1902, p.293 et seq.

is the absolute impossibility in practical affairs of separating speculation from the natural action of demand and supply. Even in the simplest consumptive purchases the element of foresight is frequently present."⁽¹⁾

The author of this article argued that when prosperity began to return after an economic depression people resumed speculation.

"Thus," he said, "the first increase in demand, due to the greater purchasing power of consumers, is closely followed, and in the case of some few industries even accompanied or preceded, by a second increase caused by the effort to speculate; and as soon as this combined demand passes the capacity of the favourably situated portion of the existing producing plant, rising prices result."⁽²⁾

It was pointed out that everyone accumulated large stocks of goods: "The merchant is having a lively trade and is well stocked up." Then, said Selden, commercial suspicions appeared and resulted in failures:

"Goods accumulated gradually in the inspiration of hope are thrown recklessly overboard under the pressure of bankruptcy or the spell of fear It is a periodical breakdown of the social machinery"⁽³⁾

Selden thought the credit system was partially at fault:

(1) Ibid.
(2) Ibid.
(3) Ibid.

"The credit system," he said, "is responsible for both the extent of the advance in prices and the violence of the decline and is the sole cause of the panic which results from the hoarding of cash, as without credit there would be no fear of bank failures; but it is not the cause of that seesaw movement between goods and money which is termed the trade cycle. The effort to anticipate higher prices would still exist if credit were unknown."⁽¹⁾

Speculation was said to be the basic evil.

"In conclusion," it was stated, "the primary cause of the trade cycle is the effort of buyers and sellers to anticipate a rise in prices. This produces a fictitious enlargement of demand beyond real consumptive requirements, and finally results in the accumulation of considerable stocks of goods. At the same time prices pass above the average international level. Buyers at these figures are necessarily less shrewd and, on the average, less wealthy than sellers, so that the first unfavourable development finds much property in weak hands and causes a disastrous decline. Price fluctuations are increased in extent and severity by the credit system."⁽²⁾

Whatever the cause of the depression it continued to be felt severely in England during 1903. The TIMES,

(1) Ibid.

(2) Ibid.

January 26, 1904, analyzing "Business in 1903", stated that statistics appeared to show that:

" the usual process of contraction following on expansion, which began in 1901 and was partially interrupted by the renewed activity resulting from the cessation of the South African war, has been resumed in a rather marked degree during the past six months.

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"On the whole therefore we are of opinion that we are in the middle of the downward half of the cyclic movement, which is one of the phenomena of the economic development of modern highly organized communities. Our knowledge of the laws governing these phenomena is at present very meagre and probably a long time will elapse before they can be determined with accuracy; but the phenomena themselves are painfully obvious to all who have to do with markets."⁽¹⁾

The deplorable state of the markets resulted in much unemployment which received considerable attention in English periodicals. The Reverend Wilson Carlisle writing in the CORNHILL MAGAZINE, March, 1903, said:

"Londoners have recently had before their eyes the painful spectacle of large numbers of men doing nothing more useful, either to themselves or to the Commonwealth than parade the streets in procession. These men by no means represented the total number who are out of work, and the

(1) Business in 1903, The TIMES, January 26, 1904, p.15.

question of the unemployed has again assumed prominence."⁽¹⁾

The writer advocated a better "distribution of labour" and pointed out that while there was no work to be had in London where the unemployed were congregated the farmers needed men. After stating that there was always some unemployment the Reverend Carlisle added:

"The awful numbers of men who, even in times of normal conditions, are tottering and tumbling on the verge of employment - which spells starvation and misery - give us some idea of the state of things existing during the present depression of trade."⁽²⁾

This vexing problem of lack of employment was discussed in the House of Commons and the ANNUAL REGISTER, 1903, reported that Mr. Keir Hardie suggested the purchase of land for cultivation by the unemployed. The REGISTER said:

"The mover, in the course of his speech declared that, being a Socialist, he did not expect there could be any final solution (to unemployment) so long as production for profit dominated our commercial system. But he thought that immediate practical remedies might be found in the two directions indicated in his amendment - in particular in schemes of reclamation and afforestation. He estimated the number of unemployed at the present time at no less than 400,000."⁽³⁾

(1) Carlisle, Rev. Wilson, The Problem of London's Unemployed, CORNHILL MAGAZINE, March, 1903, p.361-362

(2) Ibid.

(3) ANNUAL REGISTER, 1903, p.21-22.

It was added:

"Mr. Long thought 400,000 unemployed an exaggeration."⁽¹⁾

As to the cause of unemployment, Mr. H. J. Darnton-Fraser wrote in the WESTMINSTER REVIEW, April, 1903:

"Circumstances . . . brought about the South African war; and the war coupled with a severe winter and lack of foresight on the part of the authorities brought about those long processions of pale gaunt faces which we have seen of late so often tramping through London streets."⁽²⁾

Employment failed to increase as the year progressed and in the ECONOMIC JOURNAL, December, 1903, R. G., writing under the heading "City Notes", stated:

"There are signs, unfortunately, that want of employment is rather increasing, the prolonged crisis and semi-panic in the money market and on the Stock Exchange telling at last on more purely industrial business"⁽³⁾

Again under "Labour Notes", it was said in the ECONOMIC JOURNAL:

"Among the trades that are most responsible for this decline (in employment) are ship-building, engineering, building, leather and cotton, the last mentioned having been subjected to the exceptional difficulty arising from the concurrence of strong alternative sources of demand for the American raw material, especially from the United States

(1) Ibid.

(2) Darnton-Fraser, H. J., Liberalism and Labour, WESTMINSTER REVIEW, April, 1903, p.466.

(3) R. G., City Notes, ECONOMIC JOURNAL, December, 1903, p.654.

themselves and of the semi-monopolistic control of the principal sources."⁽¹⁾

Mr. Chamberlain and Mr. Balfour urged fiscal reform to cure the economic evils of the time and advocated the adoption of tariffs by Britain.

The fiscal agitation was blamed for deepening the depression. The ECONOMIST stated that:

" the continuous assertions of Mr. Chamberlain and his followers that our trade, though it manifests no visible sign thereof, is, nevertheless, in a very parlous way, have had some influence in producing a feeling that, to say the least, is not conducive to commercial activity and expansion."⁽²⁾

Indeed the tariff question came in for very full discussion at this time. J. A. Hobson considering "The Inner Meaning of Protectionism" in the CONTEMPORARY REVIEW, September, 1903, said:

"It is quite evident that one prime cause of the adoption of tariffs has been the increasing difficulty manufacturers experience in disposing of their wares at profitable prices in the home or neutral markets. This general tendency towards over-production of manufactured goods and often even of food and raw materials, common and almost chronic among the increasing number of nations that have

(1) Labour Notes, ECONOMIC JOURNAL, December, 1903, p.655.

(2) The Year 1903, Supplement to the ECONOMIST, February 20, 1904, p.1.

entered the modern era of mechanical industry is only intelligible upon one hypothesis. Since all trade is ultimately an exchange of commodities, everything that is produced can obviously be sold and consumed; for someone possesses a corresponding power to buy whatever is produced. If therefore it is, in point of fact, so much more difficult to sell than to buy, that the power to produce has continuously to be kept in check, this curious phenomena can only be explained by imputing to those who have the power to consume a refusal of the exercise of that power. This refusal of a full application of the power to purchase and consume is itself only explicable as part of the wider phenomena of maldistribution of wealth in modern societies."⁽¹⁾

America, South Africa and Germany, were suffering from financial troubles. The QUARTERLY REVIEW, July, 1903, said:

"There are two danger clouds on the economic horizon. One is over Johannesburg where the unsettled labour problem hangs like a pall. The other is over New York where the great capitalistic speculators have captured banking and financial institutions and utilised them in building up unstable combinations which control railways, ocean steamers and vast industrial enterprises and which are themselves loaded up with inflated securities that a wise and discerning public declines to touch The prudence of British

(1) Hobson, J. A. - The Inner Meaning of Protectionism - CONTEMPORARY REVIEW, September 1903, p.365 et seq.

financiers, manufacturers and leaders of industry has saved this country from such industrial depression as has overtaken Germany and from the financial nightmare which is afflicting America; and this is a very substantial offset against a smaller spasmodic increase in trade."⁽¹⁾

However, F. H. Kitchin reviewing the year 1903 in the ANNUAL REGISTER did not consider that England's position was greatly, if at all, superior to that of America. He wrote:

"There have rarely been such black years as 1903 from the financial point of view. It was an almost uninterrupted twelve months of depression with constantly falling prices for Stock Exchange Securities. Happily we had no financial collapses such as have overtaken some of the trusts in America, but the lack of business and the general gloom has been in ultimate effect almost as bad as a more sensational 'Crisis'.

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"I wish in this summary to avoid, as far as possible, references to Mr. Chamberlain's fiscal campaign but it is at least necessary to say that the agitation depended largely for its food on a real or imaginary condition of depression which caused discontent among all classes, and there can be no doubt that it materially assisted to bring about that depression."⁽²⁾

(1) Mr. Chamberlain's Fiscal Policy, QUARTERLY REVIEW, July, 1903, p.265.

(2) Kitchin, F. H., Finance and Trade, ANNUAL REGISTER, 1903, p.242 et seq.

The ANNUAL REGISTER also noted that the depression was continuing in Germany and few of the big machine-building plants "could bring their full productive power into play."⁽¹⁾

As to the general theory of depressions, there appeared in the QUARTERLY JOURNAL OF ECONOMICS, May 1903, "A Suggestion for a Theory of Industrial Depressions", by T. N. Carver, who said:

"One characteristic of a modern industrial community is the large proportion which producers' goods hold to the total wealth. This means that a large part of the wealth is in forms which have no utility in themselves but which derive their utility from the goods which they help to produce. A satisfactory explanation of industrial depressions must, in the opinion of the present writer, be sought in the laws of value which govern investment in this class of goods rather than in the examination of the conditions of the money market, or conditions of organized credit.

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"A slight rise in the price of consumers' goods will so increase the value of the producers' goods which enter into their production as to lead to larger investment in producers' goods. The resulting larger market for producers' goods again stimulates the production of such goods, and withdraws productive energy from the creation of consumers' goods. This, for the time, tends to raise the

(1) ANNUAL REGISTER, 1903, p.276.

price of consumers' goods still higher and this again to stimulate still further the creation of producers' goods. There is no check to this tendency until the new stock of producers' goods begins to pour upon the market an increased flow of consumers' goods. This tends to produce a fall in their value which in turn produces a still greater fall in the value of producers' goods, and so the process goes. There seems, therefore, to be a fundamental reason for the periodicity of industrial depression, which can only be removed by such a complete knowledge and understanding of the situation as would enable the business world to foresee the tendencies and take measures to overcome them."⁽¹⁾

Yet another year of restricted trade and unemployment followed 1903. It was stated in the *ECONOMIST*:

"Throughout the greater part of 1904 the country continued to labour under the industrial and financial depression which had weighed upon it ever since the South African War Throughout the year the war in the Far East was a great drag upon business.

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"It is evident moreover that the heavy taxation we have been called upon to bear has impaired the purchasing power of the community especially as rates have mounted as well as taxes and the enforced restriction for the demand for commodities has, in its turn, curtailed the demand for

(1) Carver, T. N., A Suggestion for a Theory of Industrial Depressions, *QUARTERLY JOURNAL OF ECONOMICS*, May 1903, p.497 et seq.

labour, with the result that a larger proportion than usual of our working population have been thrown out of employment while numbers of those for whom work has been found have had to submit to reductions of wages."⁽¹⁾

In March the ECONOMIC JOURNAL summed up the situation as follows:

"Bad weather, sun-spots, the abnormal conditions prevailing in the cotton trade, the uncertainty of the political outlook in the Near East and a slow recovery, amounting almost to stagnation, in the Transvaal are among the causes that are combining to prolong and intensify the period of depression through which the country is going. The fiscal controversy does not make for that spirit of confidence which perhaps more than anything else, must precede recovery, while the bursting of the war-cloud in the Far East, although it has removed elements of uncertainty in the outlook, must intensify the difficulties of the situation."⁽²⁾

The TIMES, throughout 1904, reflected in its columns the economic difficulties of the year. For example:

"A series of demonstrations by the unemployed took place at West Ham yesterday.

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"A deputation of labour representatives waited

(1) The Year 1904, Supplement to the ECONOMIST, February 18, 1905, p.1.

(2) Labour Notes, ECONOMIC JOURNAL, March, 1904, p.147.

yesterday on the Lord Mayor of Liverpool at the town-hall to place before him the pressing necessities of the unemployed in the city Mr. Rouse put the number of totally unemployed in Liverpool at between 10,000 and 15,000 persons."⁽¹⁾

In March there appeared in the TIMES a letter, signed by Lord Brassey and others, soliciting contributions to the East-end Emigration Fund. The letter mentioned the "depression of trade which is seriously affecting every kind of labour in this country", and added:

"We believe that judiciously-assisted emigration is the best possible form of permanently relieving the distress of this nature, and that it at once goes to the root of how to deal with the great problem of the deserving unemployed."⁽²⁾

Under the heading "Industrial Decline in the West of England", the same paper stated in September:

"At a public auction sale at Stroud yesterday no offer was made for two old-established woollen cloth mills at Stonehouse, Gloucestershire, together with the dye works, where for over a century West of England and other cloth has been manufactured. A great number of employés have been given notice to terminate their engagement."⁽³⁾

Mr. D. A. Thomas addressed steelworkers at Merthyr in December and was reported as saying:

"I dare say you as workmen have suffered in con-

(1) The Unemployed, The TIMES, December 2, 1904, p.4.

(2) The TIMES, March 10, 1904, p.13.

(3) The TIMES, September 22, 1904, p.4.

sequence of the dumping of German steel bars into the Bristol Channel ports. But to what extent the lack of employment is due to that and other causes I do not know. But I am prepared to agree with you that some of the want of employment is due to dumping."⁽¹⁾

Fiscal reformation and its usefulness in correcting the depressed state of English trade continued to be discussed. E. B. Husband writing on "The Fiscal Question and Its Surroundings" in the CONTEMPORARY REVIEW felt that Mr. Chamberlain was uselessly trying to correct his mistakes. The writer pointed out:

"Before the war our taxes were so high that they raised the cost of produce to an extent seriously interfering with its sale abroad; and now that we are compelled to pay interest on an enormously increased national debt, and to meet the expense of vastly augmented armaments, military and naval, the cost of production will increase proportionally and add to the difficulty of their sale in foreign markets besides rendering quixotic any attempt to surmount the difficulty by drawing upon other nations to relieve ourselves from the weight of taxes incurred by our unfortunate or mistaken policy Mr. Chamberlain seems to entertain the idea that if his scheme is adopted it will result in procuring employment for the many hundreds of thousands, if not millions who are unemployed, or, if employed, receiving

(1) Mr. D. A. Thomas on 'Dumping', The TIMES, December 5, 1904, p.7.

only starvation wages."⁽¹⁾

The writer felt that unemployment was owing to humanity's lack of wisdom because: "Every human being, reasonably healthy, could under proper conditions produce more than he can consume."⁽²⁾

The capitalists were censured. Husband said:

" . . . (the capitalists) are in possession of the key by means of which the employment door can be opened and shut; they open or close it when it suits their own particular purpose, and the duration of these periods is too often mistakenly assumed to be an actual representation of the world's demand for production, greater or less as it may be, while the fact is lost sight of that the holders of capital are the real authors of interruption in the world of the free action of supply and demand, which, if allowed to follow its natural course would be accelerated by increase of wants promoted by the progress of civilization; besides, what greater proof can there be of the existence of such demand than the state of wretchedness which is spread over not only our own but almost every other nation? And as to supply the question of the practicability of its accomplishment is answered by pointing to the general advance of physical science."⁽³⁾

(1) Husband, E. B., The Fiscal Question and its Surroundings, WESTMINSTER REVIEW, January 1904, p.21 et seq.

(2) Ibid.

(3) Ibid.

The ANNUAL REGISTER, 1904, recorded:

"For all London, the TIMES stated on December 26, the rate of pauperism to population was over 28 per 1,000 - i.e. higher than in any year since 1867-70."⁽¹⁾

However F. H. Kitchin writing in the REGISTER, thought that by the end of the year conditions were improved. He stated:

"The merit of 1904, from the business point of view, was that it witnessed a gradual return to confidence both in financial and commercial circles."⁽²⁾

Nevertheless recovery was slow; prosperity did not burst upon England at the beginning of the new year. The FORTNIGHTLY REVIEW for January 2, 1905, printed an article on "Thoughts on the Present Discontent", which said:

"The salient fact of the present situation is this, that nearly three years after the conclusion of a Colonial war and in a time of unbroken peace in Europe, the country is burdened with an enormous war taxation, beyond anything of which we have example and which shows no tendency to be reduced. In the hands of the most helpless bungler that has ever been entrusted with British finances since Charles Townshend lost us America new taxes have been imposed without removing the old. And whilst the father goes about asserting that the country is ruined, that trade is dying,

(1) ANNUAL REGISTER, 1904, p.233.

(2) Kitchin, F. H., Finance and Trade, ANNUAL REGISTER, 1904, p.245.

our staple manufactures - land, cotton, sugar, iron - are going or gone; the son is piling up budgets as recklessly as Colonne before the French Revolution or W. Pitt fighting Napoleon.

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"We are in fact in the backwash of a most wanton, costly, inglorious war, in which we have made ourselves a laughing-stock and an opprobrium to the civilized world, disorganized our finances, our trade and our political institutions."⁽¹⁾

In the CONTEMPORARY REVIEW, February 1905, Lord Welby also attacked heavy taxation. He felt too much money was spent for "insurance against foreign foes". This had an effect on industry and he asked:

"Is not taxation weighing on the springs of industry? and is it not checking the consuming and saving power of the people?"⁽²⁾

The SPECTATOR, June 1905, deplored national extravagance and the resulting heavy taxation which had, "materially reduced the resources by which economically minded citizens would have contributed to the development of trade;" The wealthy citizens were criticized for unproductive expenditure and for speculating. These things were said to cause

(1) Thoughts on the Present Discontents, FORTNIGHTLY REVIEW, January 2, 1905, p.1 et seq.

(2) Welby, Lord, A Decade of Decadence in Finance, CONTEMPORARY REVIEW, February 1905, p.221.

general unemployment, and turning to this subject the writer stated:

"The Leicester case is apparently of a special character, the unemployment arising from the introduction of labour saving machinery in that centre of the boot trade. For many years the same painful process has been intermittently in progress in the boot industry as occurred generations ago in the textiles. . . . Whatever the fundamental cause of that chronic disease of the modern economic community, (unemployment) it is at least certain that its onset must be aggravated and made more frequent by costly administration, central and local, and by the spread of habits of thriftless and luxurious living among the rich."⁽¹⁾

Hilaire Belloc in an article, "The Argument for Protection" which appeared in the CONTEMPORARY REVIEW, June, 1905, argued that protection would not benefit English industry. He declared:

"If a vast proportion of our energies is misapplied or even lacking in employment it is not that the country ignores its opportunity in coal, in iron, or the textile industries, but that we have chosen a system of government in which it is our pleasure that the community should never defend the weak, and in which it is our glory that the rich

(1) National Extravagance, The SPECTATOR, June 17, 1905, p.883-884.

alone should have a voice in government."⁽¹⁾

In America, Hugo Bilgram dealt with, "The Cause of Business Stagnation"; in the ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, January, 1905. He touched on the theory which declares no general over-production is possible and then pointed out:

"Apparently this theory is contradicted by the facts developed during periods of stagnation. In every trade the supply exceeds the demand, in every branch of production goods accumulate for the lack of demand, the volume of traffic shrinks far below the capacity of the railways; in short everywhere, and especially in the labour market, the actual supply exceeds the effective demand."⁽²⁾

Mr. Bilgram then mentioned the tendency towards "most minute specialization of production entailing a correspondingly complicated system of exchanges". Money became indispensable and barter had almost disappeared, he said. His conclusion was:

"The observed facts then, point to 'money' as that of which the supply is deficient and short of the demand, the deficiency being equal to the over-supply of merchandise and services.

"This over-supply, ordinarily regarded as 'over-production' is accordingly capable of only one logical inter-

(1) Belloc, Hilaire, The Argument for Protection, CONTEMPORARY REVIEW, June 1905, p.845.

(2) Bilgram, Hugo, The Cause of Business Stagnation, ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, January 1905, p.87 et seq.

pretation. Currency being an institution whose legitimate object is to facilitate the exchange of merchandise and services, for which purpose it is further supplemented by the modern check system, the above reasoning points to the conclusion that, even so supplemented, our currency is inadequate to perform all of the work for which it was devised and instituted. Stagnation in business, then, finds a ready explanation in the deficiency of our mechanism of exchange.

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"A remedy can be looked for only in improved methods of mediating exchanges. As one of the possible remedies the writer would suggest that business men establish a commercial clearing house through which their mutual accounts can be cleared, practically without the use of current funds. Such a system, if surrounded by proper safeguards, would virtually permit the payment of accounts payable with accounts receivable. In the measure in which business men would then make themselves independent of the money market, exchanges would be facilitated and stagnation prevented. Indeed a universal application of such a system may be the means of ultimately eliminating business depressions and of establishing perpetual prosperity."⁽¹⁾

(1) Ibid.

In spite of the criticisms of periodical contributors it was reported by F. H. Kitchin in the ANNUAL REGISTER, 1905, that at the end of the year almost every important country was enjoying prosperity. It was thought that the recovery was largely owing to bountiful crops. (1)

This proved to be the beginning of a short period of "good times" for England and for most of the industrial world. The year 1906 was, "one of the best general trade years which the world has known". (2)

Unfortunately this cheerful period was short-lived and financial difficulties which appeared in 1907 marked the beginning of yet another depression.

In 1907 the trouble first appeared in the United States. Kitchin, after remarking, in the ANNUAL REGISTER, 1907, on the decline of trade in the latter part of 1907, continued:

"As soon as there began to be a marked falling off in industrial activity, America, the land of feverish expansion and of even more feverish speculation, got into trouble. A series of financial panics were experienced, not very bad until October; but in that month the whole fabric of credit in the United States was shaken to its foundations."

Dealing with the situation at home Kitchin said in the same review:

(1) Kitchin, F. H., Finance and Trade, ANNUAL REGISTER, 1905, p.249 et seq.

(2) Kitchin, F. H., Finance and Trade, ANNUAL REGISTER, 1906, p.262.

"I have referred to the scarcity and high prices of foodstuffs as one factor in the trade decline. A second and more important influence was the dearness of money and the American crisis during the autumn. And yet a third adverse influence was the advance in the cost of coal."⁽¹⁾

In the ECONOMIC JOURNAL, December 1907, R. G. said of the crisis and panic in America:

"It is too soon yet to measure what the whole effect of this discredit has been in reducing the volume of business in America, but the accounts of stoppages of works, discharge of workmen, and return of immigrants to Europe on a large scale make it evident that for the boom of the last few years there has now been substituted a period of depression. . . . As will be presently explained there has been trouble in the money markets on this side of the Atlantic, only in part a reflex of the United States' mischief, and depression here must follow the high rates in the discount market which have prevailed for some time."⁽²⁾

Lord Welby dealt very fully with "The American Panic" in the CONTEMPORARY REVIEW, January, 1908. He said:

"What have been the causes of this great catastrophe? Commercial crises are perhaps more frequent in the United States than in older countries. This is the fifth since 1873.

(1) Kitchin, F. H., Finance and Trade, ANNUAL REGISTER, 1907, p.269-70.

(2) R. G., City Notes, ECONOMIC JOURNAL, December 1907, p.592-93.

The great resources of the country, the energy and go-ahead character of the people tempt them into overtrading, with the usual consequences, and it must be added that public opinion is lenient or to say the least indolent in its attitude towards unscrupulous greed for wealth. Wrongdoing is too often lightly passed over as business. The result is want of confidence in the probity of those who manage great industrial undertakings. Thus the country is predisposed to alarm, and when bad or trying times come this want of confidence easily degenerates into fright or panic.

"But other causes have contributed to the present crisis. It must always be remembered that the capital required to extend business and to open new fields of trade can only be supplied from the savings of the world.

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"But there is a limit to these accumulations, large as they are, and if the passions of the world, the extravagance of the world and above all, the growing needs of the world, trench too closely on the accumulations of the world, financial stringency will inevitably be the result. Now these causes of stringency have beyond a doubt been largely at work during recent years, often in legitimate, not infrequently in baleful directions. Growing prosperity has made the world extravagant. The South African War and the Russo-Japanese War consumed without return a large amount of capital. The Budgets of great nations such as Germany and Russia are

drifting, it may be said, into permanent deficit. On the other hand, trade which does not destroy but creates capital is also putting forward enlarged demands for an increased share of the accumulations. Hence we have seen for some time that the demand for capital is greater than can be easily supplied and that there has been great stringency in the money markets of the world and money has, as the phrase goes, become dear. This state of things, common to the world, has become specially evident in the United States. That country has prospered beyond measure in legitimate trade, its produce has been enormous, and its people have been energetic, perhaps a trifle more than energetic in developing its resources.

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"Excessive capital expenditure led to pressure on the money market, and the market became sensitive and uneasy long before speculative scandals bred that want of confidence which, on the fall of the Knickerbocker Trust, found expression in panic.

"These two causes have jointly led to the crisis but they must not be confused. The one is general and in the main legitimate, although unduly hastened - namely the development of the country; the other is special, partial, and illegitimate - namely over-trading, often fraudulent in its methods.

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"One thing is clear. Law cannot stop over-trading.

But if commercial finance is to be put on a sound footing the currency system must be reformed. At present the reserve against notes is not gold and the banks are isolated institutions, incapable of common action in emergency. It should not be difficult to make gold the note reserve A central bank would be the obvious remedy for the second defect."⁽¹⁾

Although England did not suffer from a sharp and sudden panic there were financial difficulties in 1907 and in 1908 the decline in trade and commerce "continued unchecked throughout the year"⁽²⁾

Edgar Crammond dealing with the "Gold Reserves", in the QUARTERLY REVIEW, April 1908, thought much of the difficulty experienced by England could be traced to the management of gold. He wrote:

"The strained condition of the money markets of the world throughout the whole of 1907 and the American 'raid' on the gold reserves of Europe during the last three months of the year have awakened public interest in the question whether the gold reserves of the United Kingdom are altogether adequate for the work which they are liable to be called upon to perform.

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"It would be difficult to lay too much emphasis

(1) Welby, Lord, The American Panic, CONTEMPORARY REVIEW, January 1908, p.1 et seq.
(2) Maughan, Guthbert, Finance and Trade, ANNUAL REGISTER, 1908, p.260.

upon the fact that while our foreign trade and our international liabilities have been increasing by leaps and bounds, our banking reserve, that is to say our stock of gold, has been practically stationary.

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"The point to which the Bank of England was recently compelled to raise its rate of discount, namely 7 per cent., has dislocated trade and resulted in enormous losses to the commercial interests of the country."⁽¹⁾

Crammond concluded that there were good reasons to believe that:

" if our banking reserves had been raised to an amount commensurate with the growth of our trading and financial business during the past twenty years, the monetary stringency which obtained during the latter half of 1907 would have been much less acutely felt in this country."⁽²⁾

In the WESTMINSTER REVIEW June 1908, Callaghan McCarthy stressed the widespread poverty which existed in England at that time. In an article entitled "Poverty and its Causes", Mr. McCarthy gave nearly one-third of all Englishmen as his estimate of the number who were living in poverty. This figure was based on Mr. Charles Booth's statistics on London life. The writer of the article continued:

(1) Crammond, Edgar, Gold Reserves, QUARTERLY REVIEW, April 1908, p.526 et seq.
(2) Ibid.

"By far the larger portion of the world's property is controlled by individual owners or combinations of owners, such as partnerships, companies, trusts, etc. Such property pours forth its services so far as it may pay its owners to permit it, not so far as those services may be wanted by men in general. Agricultural lands and clothing factories are worked to yield their owners the largest possible profit, and, to attain that object, their products are limited, though additional supplies are always urgently needed by ill-fed and half-clad millions who have not the means to pay prices that might further swell those owners' profits.

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"To sum up, the world, viewed as a mechanical structure, has its producing power reduced and wasted by the causes enumerated - by nature's defects, by constant friction between races, nations, classes, creeds, commercial interests, etc., by premature destruction of human powers, by the private ownership, mismanagement and occasional destruction of property, by the evil dispositions of men, and above all, by their desires for luxuries, superfluties, and unnecessaries generally. All those causes prevent it from supplying necessaries sufficient for all mankind and as a consequence, those that bear the scarcity must live in poverty."⁽¹⁾

R. G., in the ECONOMIC JOURNAL, September 1908, said the world was suffering a reaction from over-activity

(1) McCarthy, Callaghan, Poverty and Its Causes, WESTMINSTER REVIEW, June 1908, p.627 et seq.

in trade. He expressed it thus:

"The falling off in imports and exports in the leading countries is quite proportioned to the vast increase which took place in the three years ending 1907, being largely, of course, a decline in values consequent on a fall in prices which is the result of the dulness."⁽¹⁾

This stagnation of trade and the resulting unemployment were considered in the House of Commons. HANSARD reported Mr. Asquith as saying in the course of the discussion in October 1908:

"The situation is a grave one From causes, some of which are obvious and admitted and others disputable and obscure, there has been brought about, not in this country only, not in this country mainly, but throughout the allied and interdependent areas of the world's industry-a temporary dislocation of the machinery of production; and the result is visible in an increase of unemployment-not indeed beyond precedent but substantially in excess of anything that we have experienced for some time past. There are faint but welcome signs on the horizon which encourage the belief that the existing distress, though acute and widespread, may be short-lived."⁽²⁾

Mr. Balfour, speaking a little later, declared:

(1) R. G., City Notes, ECONOMIC JOURNAL, September 1908, p.485.
(2) HANSARD, Fourth Series, Volume 194, 1160.

"I believe myself that fiscal reform has a great bearing upon permanent employment in this country. I do not pretend, and I have never pretended, that it can avoid those oscillations that are due to changes of expectation on the part of the producing community, those alternate waves of sanguineness and discouragement which, following some law which has never been fully explained by economists, pass in excessive waves over the face of the economic world. But while I do not think that any expedient can wholly obliterate these changes and those alterations, with all the ill-consequences that follow them, I do think, and I believe it can be shown, that fiscal reform does produce a steadiness of employment.

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"By common consent security is the basis of all industrial progress, and I charge the Government with having done all they could to destroy that security by rash proposals and by rash sayings. One gentleman will tell you that the proper plan of dealing with the question is to go for the richest men in the community. Another gentleman - I am not sure it is not the same gentleman - talks of robbing the hen-roosts when you are in difficulty. You have gentlemen below the gangway who believe that the whole solution of the question of poverty and unemployment is to be found in robbing the landlords I do not care what system you have, whether a socialistic or an individualistic system as at

present, you must have confidence in it. You have shaken that confidence quite unnecessarily, and upon your heads lies some part of the great responsibility for the difficulty in which the country now finds itself."⁽¹⁾

Mr. Arthur H. Weller whose article "The Alternative to Socialism", was printed in the WESTMINSTER REVIEW, November 1908, held rather different views. After noting that "unemployment and its attendant evils" had been attributed by the socialist, Mr. Suthers, to "monopoly, competition, landlordism and Free Trade", he remarked:

"All attempts to regulate employment and wages by law are foredoomed to fail because they are merely tinkering with the effects instead of attacking the cause of the trouble The one thing needful - indeed the only thing that can raise wages effectively and permanently is to abolish unemployment, and that can only be done by destroying land monopoly and thus opening up opportunities of self-employment to all."⁽²⁾

Mr. Weller also advocated the adoption of the Single Tax.

In 1908 the United States was rapidly recovering from its financial slump.⁽³⁾

Joseph French Johnson considered "The Crisis and Panic of 1907", in the POLITICAL SCIENCE QUARTERLY, September

(1) Ibid., 1728-1729.

(2) Weller, Arthur H., "The Alternative to Socialism, WESTMINSTER REVIEW, November 1908, p.492 et seq.

(3) ANNUAL REGISTER, 1908, p.260.

1908. This economist thought the trouble resulted, primarily, from "exhaustion of capital funds". His opinion was:

"Crises are doubtless inevitable, for the conditions leading up to them could be prevented only by a more than human combination of sagacity and discretion. Panics however are unnecessary; they are almost invariably the product of remediable defects of the credit system.

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"The crisis of 1907 was a world-wide affair, being felt in all countries where gold was the standard money."⁽¹⁾

This economist drew attention to the great increase in the gold supply during the previous decade which resulted in a rise of prices and prosperity. Then came reaction, one reason for which, he said, was the "insistent demand for capital for conversion into fixed forms". His conclusion was:

"If all the conditions above summarized are borne in mind and it is remembered that the advance in the cost of living had outrun the increase in wages, so the lion's share of the new wealth created had gone into the pockets of entrepreneurs, bankers, brokers and stock speculators, it will seem that a period of reaction and quiet was inevitable."⁽²⁾

An article, "Rebuilding Prosperity", in the WORLD'S WORK, February, 1908, declared:

(1) Johnson, Joseph French, The Crisis and Panic of 1907, POLITICAL SCIENCE QUARTERLY, September 1908, p.454 et seq.
(2) Ibid.

"The breakdown of prosperity was a breakdown of confidence.

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"For the recent panic differs from others that we have suffered in this important aspect - it was not caused by bad crops or by the misdirection of industrial activity or by loss of actual wealth. The real wealth of the country (the United States) and its productive organization are greater and better than they ever were before. There is much money - vast quantities of money - more than ever before. We have no great stores of necessities. There has not been an era of 'over-production'. We must still go on producing all the staple articles of trade and all the necessities of life in practically undiminished quantities. The restoration of commercial and financial confidence therefore is the main task."⁽¹⁾

This rather optimistic feeling was lacking in England however, and the depression continued during most of 1909, although the distress was somewhat alleviated by the end of that year. Recovery was slow, as usual, and J. Ellis Barker said in the FORTNIGHTLY REVIEW, May 1, 1909:

"The impoverishment of Great Britain is great and undoubted. It affects all classes from the richest to the poorest. It can be seen by all but those who will not see."⁽²⁾

(1) WORLD'S WORK, February 1908, Rebuilding Prosperity, p.9829 and 9832.
(2) Barker, J. Ellis, British Finance and Imperial Responsibilities, FORTNIGHTLY REVIEW, May 1, 1909, p.831.

In the ANNUAL REGISTER'S chapter on "Finance and Trade", Cuthbert Maughan stated:

"All the leading agricultural and industrial countries had very much the same story to tell of the trend in trade in 1909. The tale was one of depressed industries in the first six months and awakened activities in the second half of the year" (1)

The world was coming out of another depression. H. Stanley Jevons in the course of an article, "The Causes of Unemployment. Trade Fluctuations and Solar Activity", in the CONTEMPORARY REVIEW, August 1909, scanned the previous decade which had been, on the whole, so gloomy. Speaking of the destroyal of the prosperity which marked the last years of the nineteenth century he said:

"The collapse came in June 1900, beginning with a fall of prices; and the period of collapse may be said to have lasted for about ten or twelve months. This boom and collapse were in no way connected with the South African war, as is commonly supposed. It is just possible that the war did a little to accentuate them, though the fact that both boom and collapse were experienced in America and other countries also, and were particularly intense in Germany, does not support this view. A period of depression which set in in 1901 continued till early in 1904, when the re-awakening of industry became evident." (2)

(1) Maughan, Cuthbert, Finance and Trade, ANNUAL REGISTER, 1909, p.280.

(2) Jevons, H. Stanley, The Causes of Unemployment Trade Fluctuations and Solar Activity, the CONTEMPORARY REVIEW, August 1909, p.165 et seq.

Prosperity, which followed, ended with the collapse in 1907. Jevons continued:

"This collapse was of unusual severity and world-wide in extent, and is paralleled only by the collapses of 1873 and 1839. In the spring or early summer of 1908 the collapse passed gradually into the present period of depression."⁽¹⁾

The writer proceeded to say that he supported and had expanded his father's theory which connected "the occurrence of commercial fluctuations and crises with changes in the sun's heat," because this heat had a direct effect upon the world's crops and so upon the world's industry.

Jevons also suggested, in this discourse, that wages be made to vary with industrial activity.⁽²⁾

Conditions were slowly righting themselves and Maughan, in the ANNUAL REGISTER, 1910, described 1910 as a pretty good year, from a commercial viewpoint, although labour disputes proved troublesome.⁽³⁾

Nevertheless, large numbers of idle workmen drew attention to the study of the trade cycle, depressions and unemployment. The EDINBURGH REVIEW, January, 1910, published an article on "Industry and Employment". After remarking that the problem of unemployment was linked with that of cyclical fluctuations in trade and industry, the

(1) Ibid.

(2) Ibid.

(3) Maughan, Finance and Trade, ANNUAL REGISTER, 1910, p.276.

author of this article continued:

"Industry, as Mr. Beveridge well puts it, pulsates with an alternate diastole and systole. Industrial expansion is not uniform; seven fat years are followed by seven lean years which again give way to fat years. The periods of depression are felt in the minutest details of national life; the periods of prosperity are equally embracing. Thus we find the years of deepest depression to have been 1868, 1879, 1886, 1894, 1904. In these years the bank-rate was low, foreign trade slack, the marriage-rate reduced, consumption of beer, promotion of companies, etc., all below the normal. Indeed so inter-related are all the various activities that it is possible to form, for instance, a pretty close estimate of the marriage-rate by merely inspecting the current bank rate. Between these years of depression there are years of expansion and prosperity. Of course the employment curve follows closely the alternate expansion and contraction of industry. The years of diminished activity are years of exceptional unemployment and distress."⁽¹⁾

It was here suggested that associations be formed to act as "insurance agencies for the unorganized labourers." Another proposal followed:

"A further method of meeting cyclical fluctuations is to reduce the number of hours or of days worked

(1) Industry and Employment, EDINBURGH REVIEW, January, 1910, p.1 et seq.

in a week. When the quantity of output has to be diminished, it may either be done by dismissing a certain percentage of the employees, thus giving rise to unemployment, or by reducing the hours worked by all the employees, so that the loss falls upon all the members of the trade alike, instead of being concentrated upon a few."⁽¹⁾

In the WESTMINSTER REVIEW, January 1910, N. M. Taylor writing on "Want of Work and Poverty", said:

"Unemployment arises from temporary and lasting causes. One of the temporary causes is over supply of markets, chiefly abroad; almost entirely dependent on the credit system, which is generally supposed to increase business, by credit being used instead of cash. On the contrary, in the long run, it both diminishes business and causes inferiority of production (which means reduction of work), owing to the artificial competition.

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"Temporary interferences with trade, such as credit, cause waves of much and little work."⁽²⁾

The solution offered by the writer of this article was nationalization of industries.

"Aspects of Unemployment" by C. J. F. M., in the WESTMINSTER REVIEW, March 1910, attacked private enterprise. Increased unemployment along with increased productivity, in England, pointed to a lack of demand, it was said. Demand depended upon wages:

"As demand has not increased in proportion to

(1) Ibid.

(2) Taylor, N.M., Want of Work and Poverty, WESTMINSTER REVIEW, January 1910, p.1 et seq.

increased productivity which is quite clear, since unemployment has increased in spite of increased trade - it is reasonable to assume that the national wages bill has not increased sufficiently to enable demand to expand to the necessary extent."⁽¹⁾

Private enterprise was held to be opposed to increased wages and employment:

"The essential need of the situation is regulation - regulation to obtain equilibrium of supply of, and demand for labour. That equilibrium is only possible by reducing the amount of production per person, i.e. by limitation of hours of work.

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"Each and every business strains to obtain as much trade as possible, unheedful of the results of over-production, likewise each endeavours to reduce costs of production, wages, etc., as much as possible, and to increase charges as much as possible, apparently forgetting that decreased costs means ultimately and principally decreased wages, which forms the chief basis of effective demand, and that increased charges mean smaller spending power. Therefore every industry is conducted not with a view to securing that demand shall be constantly increasing with as little check as possible, and expanding at the

(1) C.J.F.M., Aspects of Unemployment, WESTMINSTER REVIEW, March 1910, p.247 et seq.

maximum rate, which, after all, is the real aim of industry as a whole. Business, individually speaking, does not aim at giving as much employment as possible, so as to make demand as wide and as great as possible. Yet the contrary is the aim of industry as a whole.

"The tendencies of individual business, in practice, is really to narrow demand and not to expand it; to buy cheaply and sell dearly; to decrease wages, and to reduce their spending power. Thus do we explain why it is that reports from America state on the one hand that prosperity is great, for prices and profits are on their highest level, but that, on the other side, the ordinary consumer is loudly lamenting - to the sacrificial point of doing without meat food - that the cost of living has risen to excessively high limits, and that, in consequence, his wealth is less than formerly."⁽¹⁾

On the surface at least, however, "good times" had returned by 1911. Maughan said in the ANNUAL REGISTER, 1911, that there was "great activity in trade through out the world"⁽²⁾; the following year the same critic termed prosperous⁽³⁾; and in 1913 there was said to be great "industrial prosperity" in England.⁽⁴⁾ The upward

(1) Ibid.

(2) Maughan, Cuthbert, Finance and Trade, ANNUAL REGISTER, 1911, p.295.

(3) Maughan, Cuthbert, Finance and Trade, ANNUAL REGISTER, 1912, p.284.

(4) Maughan, Cuthbert, Finance and Trade, ANNUAL REGISTER, 1913, p.270.

swing of the trade cycle lasted until, in 1914, the declaration of war caused an upheaval in the London money-market. ⁽¹⁾

(1) Maughan, Cuthbert, Finance and Trade, ANNUAL REGISTER, 1914, p.261.

CHAPTER VIII

CONCLUSION

This economic survey does not submit, in itself, any new theory of economic fluctuations, nor is it offered in support of any previous exposition. The aim has been merely to portray past conditions and to repeat the expressions of opinion that they called forth, not to introduce the thoughts of the writer. In this sense the work may be termed a presentation of facts. Accordingly, the concluding chapter has been devoted to a summary of the fluctuations described and of the explanations offered for them in the preceding pages.

There was some distress in Britain throughout 1800 and 1801, said to have been caused by the scarcity and the high cost of food, but the first real slump in the nineteenth century occurred in 1803, and followed upon the previous period of prosperity which began with the Peace of Amiens. Commercial speculation and political entanglement were blamed for the reaction in 1803.

This depression was not of long duration, and by 1804 the nation was termed prosperous, while in the following years great industrial activity was reported, at least up to 1811.

The crisis which was experienced in 1811 and 1812 was said to have affected the mercantile class particularly. The causes given for the declining trade were the restrictions imposed upon foreign commerce by the belligerent States, the consequent loss of the American market for English goods, and the turning of the foreign exchanges against Great Britain - resulting in high prices and stagnant trade. Liberals, particularly Brougham, ascribed the nation's economic condition at this time to restrictions upon trade. A Parliamentary committee however, which

investigated the economic distress of 1811, decided that its origin was in the commercial speculation in the South American markets which had been opened to British trade.

In 1814 and 1815 British merchants had more than recovered their previous position, and the amount of exports and imports was reported as greater than ever before. Then came the slump at the end of 1815.

Agricultural depression had set in, owing, said the landed class, to a great supply of foreign wheat which had poured into the country at the conclusion of the war and which had depressed prices. By 1816 all industry was affected and the distress was scarcely alleviated before 1820. Some investigators thought that the wide-spread trouble could all be traced to the distress of the farming class, others that the real difficulty was a monetary one, coming from, firstly, a depreciated currency and, secondly, the sudden contraction of credit by the banks. The most highly respected economists of the age had shown, at least to their own satisfaction, that general over-production was an impossibility; yet it was declared over and over again, in Parliamentary speeches and in commercial reports, that British industry was suffering because markets at home and abroad were glutted with commodities which found no purchasers. The introduction of machinery was opposed by all but theorists, on the grounds that it led to over-production and unemployment. Free traders urged the abolition of all duties on imports and even after 1815 it was held that the depression was the direct result of the orders-in-council. It was also commonly said that the cessation of war had caused a disruption in many industries which had been supplying the demands of the army and navy, and that the return of thousands of discharged soldiers was responsible for the over-supply of labour. Moreover, the heavy taxation, said to have checked all possible industrial development, was a further cause of complaint. Petitions sent to Parliament from almost every section of the country set forth

the extent of the existing misery and urged that the remedy could be effected by parliamentary reform. Indeed this movement for reform resulted in riots and some bloodshed.

By 1820, however, Britain was in a tranquil state and by 1824 all industries, including agriculture, were termed flourishing. The formation of many joint stock companies in 1824 was noted with enthusiasm. But the cheerful accounts of commercial activity came to an abrupt end with the crisis which occurred in the closing weeks of 1825.

When the panic broke out in 1825 it was thought to be a consequence of unhealthy speculation, particularly in South American mines, and the over-issue of notes by the country banks. In the following years, as the depression continued, the trouble was ascribed to further causes. One theory was that the too great abundance of money had resulted in a glut of commodities, another that the poor harvests had caused the decline, and another that the introduction of free trade principles was injurious to British commerce. It was again asserted that the extended use of machinery was responsible for the want of experienced^{by} labourers and to this they added the sentiment that the capitalists, who alone had enjoyed the benefits of increased production, were alone responsible for the recurrent periods of industrial stagnation.

The complaint ceased with the recovery of industry in 1832-1833. The agriculturalists alone continued to suffer. Unfortunately however, another decline had set in by 1836.

In 1836 there was a financial upheaval in the United States and this event, coupled with the drain of gold and the curtailment of credit by the Bank of England, was thought to have had a direct effect on English manufacturers. Commercial observers, noting regretfully how great had been the prosperity in 1836 and how wide-spread the distress in 1837, stated that the lack of demand, generally occasioned by the diminution of exports to America,

had resulted in general unemployment and suffering. Some theorists were of the opinion, however, that the state of British currency was responsible for the crisis. There had been a marked increase in the number of joint stock banks and this had resulted in a redundant currency, according to these critics. Trade unions were censured for adding to the difficulties by their futile attempts to keep up the level of wages. In America, as well as in Britain, the accounts of depressed industry, falling prices, low wages and lack of employment continued into the '40's. In the United States especially, fears were expressed that the growing use of machinery and the extended cultivation of the land were resulting in the over-production of all commodities. In England it was stated that the war with China, 1839-1842, delayed recovery.

The return to prosperity in the United Kingdom, in 1844, was attributed to the good harvest and to great activity in railway building. Unfortunately, the advance was hardly well under way before it was checked by the crisis of 1847.

The failure of crops in 1846 was said to have ushered in the depression. The condition of the country received the grave attention of statesmen and economists in 1847; the distress was variously attributed to the great importation of corn, railway speculation, restricted currency, universal competition in manufacturing cheap goods, the ~~lack~~ of import duties on corn and the shortage of the American cotton crop which had disrupted the English cotton industry. Distress was reported throughout Europe at this time, and the rebellions on the Continent in 1848 were thought to have hampered recovery in England. Critics were not lacking to blame the capitalists as being the originators of the suffering in Europe of the farmers and the labourers.

Conditions greatly improved and in 1850 Britain had resumed her industrial progress, while by 1853 even agriculture was said to be flour-

ishing. The sequence of prosperous years was ended, however, by the commercial crisis of 1857, which followed shortly after a similar crisis in the United States and was traced directly to the breakdown of the banks in that country. Financial difficulties which spread throughout Europe were ascribed to speculation and over-trading.

In Britain prosperity returned more rapidly than usual and the sixties were termed flourishing until the failures of 1866 resulted in a general slump. The depression was not confined to Britain, for distressed industries were reported in America, France and Germany. The business men of England blamed the breakdown of credit, following on speculation, the American tariff and the poverty of foreign customers for the lack of demand for manufactures.

By 1870 conditions had righted themselves once more and the general extension of trade, in Britain and throughout the world, from 1870 to 1873, was remarked upon as unprecedented. The financial crisis in the United States, in 1873, was followed by commercial difficulties and by an industrial decline, which spread throughout the world and showed itself in Britain in 1874.

It was said that the depression which afflicted the United Kingdom from 1874 to 1879 was a reaction to ^a previous period of speculation and inflation; that it was the result of the heavy taxation and the destruction of capital which resulted from the wars of the period; that these conflicts in America, Austria and France had created a great demand for English manufactures which had later fallen off, after creating an artificial prosperity.

It was generally declared that the productive capacity of British industries had far surpassed the consumptive capacity of their customers. A fall in the value of silver was also given as a cause of decreased British exports to the Orient. As to the agricultural depression, Mr. Gladstone said that he had never seen its equal in intensity.

A welcome recovery of all branches of trade was noted in 1880, but by 1884 the cultivators of the land were again suffering and by 1885 the depression was general. The slump was not confined to Britain but was felt severely there. Over-production and a monetary dearth, caused by the demonetisation of silver, were popular reasons given for the difficulty. The increased productive powers of the United States were regarded as a cause of a drop in the demand for British products.

The recovery, which began in 1888 and continued till 1889, was checked by financial failures in 1890 and a period of industrial stagnation lasted from 1892 to 1896. The agricultural distress in Britain was very great at this time, and a return to protection was suggested. The silver controversy in the United States was said to have had a bearing on the financial state of England. Over-production was again stated, by many observers, to be the real cause of the depression. It was also said at this time that English manufacturers were no longer able to compete successfully with Oriental producers.

A general improvement began in 1897, however, and the last years of the century were prosperous, once more, for Britain and for most of the world. Not until 1900 did economic difficulties again arise.

By the end of 1900 the industrial decline was noted in the United Kingdom, a decline which was accentuated at the conclusion of the Boer War, in 1902, and which continued until 1905. Theories of over-production were again prominent in discussions on the cause of the depression, but the slump was more widely ascribed to the effects of the war, financial derangement in South Africa and America and to the hampering of foreign trade by the tariffs which had been adopted by nearly all the other industrial states. Mr. Chamberlain and his followers urged that protection of producers and the giving of inter-Imperial

preferences would cure unemployment and the other existing difficulties. Other critics, analysing the situation, declared that this agitation for tariffs was resulting in increased distress and offered no sensible solution to the problem. Socialists were emphatic in their statements that only nationalisation of industries could save the nation from recurring periods of economic stagnation and suffering.

The depression lifted in 1905 but in 1907 the panic in America was held responsible for financial trouble in Great Britain, and another period of depression ensued. Unemployment and the tariff question were widely discussed, the supporters of fiscal reform claiming that protection at least meant stable employment. The destroyal of the capitalistic system was urged by radicals as the only means of effecting a permanent cure. Monetary theorists were inclined to think that the inadequacy of gold reserves held by the Bank of England in 1907 had an important bearing on the cause of the depression.

A gradual recovery made itself felt by 1910 and the growth of industry and of prosperity continued unchecked in Britain, until the financial panic which followed upon the declaration of war in 1914.

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