general scramble of such a readjustment. All of the new "prosperity" which others are said to enjoy is obtained at their expense.

The plea for rising prices is made in behalf of property-owners—those who have real estate or commodities for sale —but there is a very much more numerous class in society who also have something to sell, viz., the wage-earners. Under the industrial organization of to-day they comprise the millions. They are the class for whose welfare and progress society is most concerned—the class in which are grouped those who most need the protection that the laws are designed to give. Whatever efforts are made to raise the conditions of men should lift from the bottom.

### The Interests of Labor.

In his "Six Centuries of Work and Wages," Thorold Rogers, the English economist, quotes and endorses the following statement from Tooke's great work, "History of Prices," published in 1837:

"According to all experience, whether within modern observation or recorded in history, it may be laid down as an established maxim that labor is the last of the objects of exchange to rise in consequence of dearth or depreciation, and that commonly the price of labor is the last to fall in consequence of increased abundance of commodities or of increased value of money."

Since then in a general advance wages lag behind, this class at such a time is put under constant disadvantage. Its members must be continually getting their pay increased in order even to hold their own. That is the worst possible position for the wage-earner. The most commanding position that he can occupy is to have a standard of value in which wages may be steady, while the prices of commodities fall to correspond with every elimination of labor from their cost. Then all the forces that make for industrial progress work for him. Then his share of our constantly increasing production of commodities is laid promptly at his door. Every year sees the purchasing power of his wages increase without aggressive action on his part. None are so ignorant, timid, or dependent as to be unable to buy at lower prices when they are prevalent; but all are not equal in the intelligence, courage, and resources required to make a continuous fight for a higher rate of wages.

It is true that as prices advance ahead of wages, the increasing profits of employers stimulate the demand for labor, and gradually advance the price of the latter. This only illustrates the tendency of natural laws to restore an equilibrium that has been disturbed. After prices have ceased to advance, as eventually they must, wages will finally resume the relative position they have lost. Unfortunately, when prices cease to advance after a period of expansion, they generally do so with a crash which disorganizes the whole industrial machine, and throws thousands out of employment. The crash is commonly attributed to the interposition of some new influence; but it is as inevitably a part of the whole movement as any other feature.

It seems inevitable that we are to have a great increase in the volume of money, accompanied, no doubt, by full industrial activity and much speculation the world over. It will be a good time for debt-paying; but unfortunately people do not pay their debts at such a time. They see too many good things that they think they ought to buy. People make debts in booming times and pay them in hard times. Those who think the government ought to provide money enough "to do the business of the country on a cash basis," and that panics and commercial depressions could be prevented by a "sufficient supply," will learn that indebtedness more than keeps pace with any increase, and that the most marvelous outpouring of gold may be followed by unparalleled stringency in the money market.

### The Former Golden Era.

The only increase in metallic monetary stocks in recent times comparable to the one now being made was that following the discovery of gold in California and Australia. The stock of gold and silver coin in the world, excluding Asia, in 1850 has been estimated at $2,000,000,000, and in 1860 at $2,800,000,000—an increase of 40 per cent. The present stock of gold and silver coin outside of China and the Straits Settlements is about $7,500,000,000. To add 40 per cent to this stock in the next ten years would require a net annual increase of $300,000,000; and it seems entirely probable that this will be made in gold, besides any additions to the stock of subsidiary silver.

The influence in Western Europe of the increased output following 1850 was modified by the extraordinary movement to the East which set in about that time. The building of railways in India, and other extensive investments, with a rapid increase in exports, raised the net imports of gold and silver into India for the five years, 1855–59, to an annual average of about $65,000,000. That was taking 40 per cent of the entire product. The expense of the Crimean war, with the subsidies and loans made by England and France to Turkey, distributed large sums of coin in Eastern Europe, a region comparatively destitute of it. As a result of these movements, no increase of metallic stocks in the banks of Western Europe from 1850 to 1860 is apparent.

It is generally accepted, however, that the output of California and Australian gold was responsible for at least a part of the rise of prices which occurred from 1849 to 1870. Jevons estimated the average rise in commodities from 1849 to 1860 at 24 per cent, and the net rise to 1869 to 19 per cent. He considered that this sustained advance was due to the depreciation of gold; but it is difficult to see how the influence of the wars and new trade conditions which intervened can be so identified and measured as to enable any calculation to be made of the influence of the new gold.

### Bank Resources Increasing.

If we look only to money in banks, and ignore estimates of production, consumption, and coinage, we get rid of many uncertainties; and after all that is the potential quantity in monetary stocks. Money in idle hoards, and required in pockets and tills for the daily exchanges, is not available for loans or for new enterprises. So far as money is the basis of credit, it is the supply in banks that is effective, and supports industrial undertakings and speculation, and that through these channels has bearing upon prices. The supply of money in banks is now increasing more rapidly than at any previous time. The stock of gold in such depositories in Europe and in the United States, we have seen, has increased nearly 40 per cent in five years.

Another feature of modern trade relations which has an important bearing upon the effective use of monetary stocks, is the vast accumulation of high-class investment securities known and traded in in all the important money markets of the world. Their value is so stable, and their shipment so easy, that in large degree they take the place of gold in the settlement of international balances. An unusual harvest in one country with shortage elsewhere is coming to require less and less an alarming drain of money from one to the other.

In conclusion, as we contemplate the waste of capital and productive energy in the search for gold in the Klondike and elsewhere, the time seems opportune to recall the comments of the French economist, Blanqui, in reviewing the outpouring of the precious metals which resulted from the discovery of America. Writing about 1840, when the rich flow from Mexico and South America, which for several centuries had poured into Europe, had almost ceased, and the mines of the New World seemed to be exhausted, he said:

"Everyone knows today that the real advantages which Europe derived from the discovery of the mines of the New World do not come exclusively from the abundance of the precious metals, but from the cultivation of the commodities for consumption which constitute the basis of our exchanges with that country. Gold and silver have disappeared; cotton, sugar, and coffee remain. The single discovery of the potato was worth more than all of the mines of Mexico and Peru."

George E. Roberts.