

to nearly \$15,000,000,000. Taking the fall in prices into account, this means nearly a doubling of the amount of goods moved. Of this foreign commerce in the year 1885 not quite \$10,000,000,000 was to be found in Europe, something over \$2,000,000,000 in America, and the balance chiefly in Asia. Of all the individual nations the commerce of Great Britain is the most important, amounting to nearly 20 per cent. of the whole. France, Germany, and the U. S. are not far apart, each with something like 10 per cent., while the Netherlands, Russia, British India, Austria, Belgium, Italy, and Australia follow in the order named. The change from 1885 to 1890 would not materially alter these proportions. It is to be understood that these figures refer to the actual commerce, as measured by imports and exports, and not to the tons handled by the ships of the different nations.

The following table shows the value of the imports and exports of merchandise of the U. S., carried respectively in U. S. vessels and in foreign vessels, during each fiscal year from 1857 to 1892, inclusive, with the percentage carried in vessels of the U. S.:

YEAR ENDING JUNE 30—	IMPORTS AND EXPORTS—			Percentage carried in U. S. vessels.
	In U. S. vessels.	In foreign vessels.	Total.	
1857.....	\$510,331,027	\$213,519,796	\$723,850,823	70.5
1858.....	447,191,304	160,066,267	607,257,571	73.7
1859.....	465,741,381	229,816,211	695,557,592	66.9
1860.....	507,247,757	255,040,793	762,288,550	66.5
1861.....	381,516,788	203,478,278	584,995,066	65.2
1862.....	217,095,418	218,015,296	435,110,714	50.0
1863.....	231,872,471	343,056,031	574,928,502	41.4
1864.....	184,061,486	485,793,548	669,855,034	27.5
1865.....	167,402,872	437,010,124	604,412,996	27.7
1866.....	325,711,861	685,226,691	1,010,938,552	32.2
1867.....	297,834,904	581,330,403	879,165,307	33.9
1868.....	297,981,573	550,546,074	848,527,647	35.1
1869.....	289,956,772	586,492,012	876,448,784	33.1
1870.....	352,969,401	638,937,488	991,906,889	35.6
1871.....	353,664,172	755,822,576	1,109,486,748	31.8
1872.....	345,331,101	839,349,362	1,234,680,463	28.1
1873.....	346,306,592	966,723,651	1,340,900,243	26.3
1874.....	359,451,994	929,206,106	1,312,658,100	27.1
1875.....	314,257,792	884,788,517	1,219,434,544	25.9
1876.....	311,076,171	813,354,987	1,142,904,312	27.6
1877.....	316,660,281	859,920,536	1,194,045,627	26.9
1878.....	313,050,906	876,991,129	1,210,519,399	26.3
1879.....	272,015,692	911,269,232	1,202,708,609	22.9
1880.....	258,346,577	1,224,265,434	1,503,593,404	17.42
1881.....	250,586,470	1,269,002,983	1,545,041,974	16.48
1882.....	227,229,745	1,212,978,769	1,475,181,831	15.17
1883.....	240,420,500	1,258,506,924	1,547,020,316	16.03
1884.....	233,699,035	1,127,798,199	1,408,211,302	17.16
1885.....	194,865,743	1,079,518,596	1,319,717,084	15.29
1886.....	197,349,503	1,073,911,113	1,314,060,966	15.52
1887.....	194,356,746	1,165,194,508	1,487,592,979	14.29
1888.....	190,857,473	1,174,697,321	1,419,911,621	13.90
1889.....	203,805,108	1,217,063,541	1,487,533,027	14.34
1890.....	202,451,886	1,371,116,744	1,647,139,093	12.85
1891.....	206,439,725	1,450,101,087	1,729,397,006	12.86
1892.....	220,173,735	1,564,558,808	1,784,732,543	12.33

The values of the principal articles of domestic exports during the three years ending June 30, 1891, were as follows:

ARTICLES.	1889.	1890.	1891.
Cotton, and manufactures of.....	\$247,987,914	\$260,968,069	\$304,317,755
Provisions, comprising meat and dairy products.....	104,122,414	136,264,506	139,017,471
Breadstuffs.....	123,876,661	154,925,927	128,121,656
Mineral oils.....	49,913,677	51,403,089	52,026,734
Animals.....	18,374,805	33,638,128	32,935,086
Iron and steel, and manufactures of, including ore.....	21,156,109	25,542,208	28,909,614
Wood, and manufactures of.....	26,910,672	28,274,529	26,270,040
Tobacco, and manufactures of.....	22,609,668	25,355,601	25,220,472
Leather, and manufactures of.....	10,747,710	12,438,847	13,278,847
Coal.....	6,690,179	6,856,088	8,301,026
Oil cake and oil-cake meal.....	6,927,912	7,999,926	7,452,094
Copper ore.....	7,518,258	6,053,236	7,260,893
Sugar and molasses.....	2,117,533	3,029,413	7,099,788
Chemicals, drugs, dyes, and medicines.....	5,512,753	6,224,504	6,545,354
Fish.....	5,069,235	6,040,826	4,996,621
Spirits of turpentine.....	3,777,252	4,590,931	4,668,140
Copper, and manufactures of, not including ore.....	2,348,954	2,349,392	4,614,507
Vegetable oils.....	1,585,783	5,672,441	4,302,936
Totals.....	\$668,178,092	\$777,627,661	\$805,429,124
Value of all domestic exports.....	\$730,282,669	\$845,293,828	\$872,270,283
Per cent. of enumerated articles to total.....	91.50	91.99	92.34

The following table shows the distribution of the commerce of the U. S. by leading countries and grand divisions of the globe, during the year ending June 30, 1891:

COUNTRIES AND GRAND DIVISIONS.	Exports.	Imports.	Total exports and imports.	Excess of exports + or of imports —.
<i>Countries.</i>				
Great Britain and Ireland.....	\$445,414,026	\$194,723,292	\$640,137,288	+ \$250,690,734
Germany.....	92,795,436	97,316,283	190,111,829	— 4,520,847
France.....	60,663,190	76,688,665	137,352,185	— 15,995,805
Belgium.....	27,540,424	10,945,672	38,486,096	+ 16,594,752
Italy.....	16,046,925	21,678,208	37,725,133	— 5,631,283
Netherlands.....	24,113,977	12,422,174	36,536,151	+ 11,691,803
British North American possessions.....	30,443,755	30,434,545	78,878,200	+ 9,230
Mexico.....	14,969,620	27,295,992	42,265,612	— 12,326,372
West Indies.....	34,459,451	86,461,705	120,921,156	— 32,002,254
Brazil.....	11,120,246	83,330,565	97,350,811	— 69,110,349
China.....	8,701,008	19,321,870	28,022,878	— 10,620,842
British East Indies.....	4,400,103	23,356,989	27,757,092	— 18,956,886
Japan.....	4,807,693	19,309,198	24,116,891	— 14,501,505
All other countries.....	96,974,936	132,730,438	229,705,574	— 35,755,702
Totals.....	\$884,480,810	\$844,916,196	\$1,729,397,006	+ \$39,564,614
<i>Grand divisions.</i>				
Europe.....	\$704,798,047	\$459,305,372	\$1,164,103,419	+ \$245,492,675
North America.....	96,549,129	163,226,079	259,775,208	— 66,676,950
South America.....	33,708,290	118,736,668	152,444,958	— 85,028,378
Asia and Oceania.....	44,175,109	97,893,356	142,068,465	— 53,718,247
Africa.....	4,757,897	4,207,146	8,965,043	+ 559,751
All other countries.....	492,338	1,547,575	2,039,913	— 1,055,237
Totals.....	\$884,480,810	\$844,916,196	\$1,729,397,006	+ \$39,564,614

ARTHUR T. HADLEY.

Commerce: a game played with cards and counters: of the latter, each player puts an equal stake into the pool. The dealer is called the banker, gives each player three cards, and then inquires, *Who will trade?* The eldest hand can either *barter* or *trade for money*. Barter means the exchange of a card with the right-hand player, and can not be refused unless the right-hand player declines the exchange. To *trade for money* is to forfeit a counter to the pool for the privilege of exchanging a card for one in the stock or pack. When the trading and bartering is completed, three like cards are reckoned as a *tricon*, and the best tricon wins the pool. If there is no tricon, the best sequence of three cards in the same suit will win; and if there is no sequence, the best *point* takes the pool; that is, the three cards having the smallest number of pips—aces reckoned as 11, and court-cards as 10—but the rules vary among different sets of players.

Commercial Agencies: See MERCANTILE AGENCIES.

Commercial Crises: periods of depression in trade. Every line of business is subject to seasons of prosperity and adversity. As industry makes progress, and its different branches become more and more dependent on one another, we have recurring seasons of general prosperity and general adversity, which affect nearly all forms of industry to a greater or less degree. First, we find a period of speculation, in which every business man strives to extend his operations. Prices are rising, prosperity seems to be increasing, wages are high, and employment steady. Then comes a shock to credit at some weak point in the industrial system; confidence is destroyed, prices begin to fall, business men contract their operations, wages are reduced, and working time reduced still more. General adversity for merchants, capitalists, and laborers alike succeeds the general prosperity of the former period. To this condition of things the name commercial crisis is applied.

Crises are often confounded with panics. There is almost always a connection between the two; but a crisis really means something much wider and longer than a panic. A panic starts among a group of speculators—perhaps in Wall Street, perhaps in the Chicago Produce Exchange, perhaps in the London money market. There are many failures, with much forced liquidation; but when the liquidation is accomplished the matter may be soon over. The panic is purely financial; the crisis which may follow is industrial. It affects not merely the speculators, but the producers; not merely the dealers in securities, but the laborers; not merely the bankers, but the community as a whole. Panics are

that the commerce is greater in value than in any century or any dec-

government policy of the development of trade furnish that wholly disproportionate upon the community taxes continued her parts of continuing. Remnants of these a tax levied on ar- It is needless to a rule, very bad in ed by the Constitu- different with cus- are easier to collect ve at times seemed independence. The s FREE TRADE and

looked upon unfav- ernments of medi- the hands of the aged either by the monly the latter, a direct help to the ed commerce tended these conditions a ntal Europe at any t to engage in com- subordinate opera-

almost as much harm dry method in medi- vely or special trad- ing monopolies may y were almost always equent progress. A history of the East unt to give a monop- uld take the respon- , a system of defense ernment was unable t grew stronger and nonopoly which had and more liable to interesting attempt found in the naviga- to secure to her own trade. An attempt n England and any ether to England or to prohibit the em- g trade. These laws ere in some measure ow is that Holland's It constituted a gen- y preventing it from al manner; a burden ory laws, suffered in e second quarter of ually abolished. The in America by these laration of Independ- ance to the crown. s and the cheapening merce has developed ne effective carrying he world in the dec-) per cent. annually; ually; from 1850 to 60 to 1870, 2-74 per) per cent. annually; re than from 1870 to s are not equally ac- e and the means of ore rapid ratio. Dr. mate of the interna- rs from 1868 to 1885 the fall in prices, the of all nations had in-),500,000,000 annually

possible under any system, but the chance for crises, affecting all industry for such a long time, is peculiar to modern industry, and forms perhaps the gravest charge which the socialists can make against the existing industrial system.

The first crisis of the modern type occurred in 1720. It developed in France and Great Britain almost simultaneously. In the year 1716 John Law, a native of Edinburgh, under the authority of the French monarchy, founded a bank whose operations were extremely successful. Not satisfied with this success he soon afterward developed his Mississippi scheme, first known as the Western Company. Actual operations began in 1718; in 1719 it was in possession of twenty-one ships and nearly a million of dollars of money and goods. All sorts of financial operations were intrusted to it by the Government. The shares went up to many times their original value. A fever of speculation set in which lasted until the beginning of 1720. Then there was a sudden collapse and an overwhelming reaction. About the same time similar speculation was carried on in Great Britain, not by a single company, but by a large number of companies, known as "bubbles," the largest being the "South Sea Bubble." There was no currency inflation in Great Britain, as there was in France; but except in this respect the speculative fever was wilder and the reaction equally widespread.

There were commercial crises of less importance in 1763 and 1799 in Hamburg, and there were inflation and depression in connection with the currency of the French Revolution, but no general crisis until after the close of the Napoleonic wars. During the reign of Napoleon the continental ports had been closed to English manufactures. Great Britain at once took advantage of the peace of 1815 to make up for lost time. It flooded the Continent with British goods, and made arrangements to produce such goods for the continental market on a scale which could not possibly be maintained. The reaction was terrible. The cessation of the demand for British manufactures threw large numbers of men out of employment. Another crisis developed about ten years later. In 1824 and 1825 speculative companies were formed and speculative loans placed in the London market to an amount for which the bubbles of 1720 alone furnish a parallel. At the end of 1825 the unsoundness of these speculations had begun to show itself. A few failures were sufficient to destroy all credit. Only by most radical measures was the Bank of England enabled to give enough support to the business community to prevent general suspension of payments.

The last-named crises were peculiar to Great Britain. That of 1836, with its consequences, was shared by the U. S. also. In fact it may be said to have been primarily a U. S. crisis. It had two distinct sets of causes, one financial, the other industrial. The financial causes are to be found in the unsound organization of banks in different parts of the country, not excluding the U. S. Bank itself. The industrial causes were to be found partly in the overproduction of cotton on a credit basis, partly in the system of internal improvements which had locked up much capital in works which were not productive, some on account of their incompleteness, some on account of their inherent worthlessness. As long as the speculative fever lasted the unsound concerns were able to support one another, but with the failure of a few the whole commercial fabric went to pieces. A crisis which took place in 1837 seemed for the moment to be checked by bold financing and by the hopeful spirit of the people, but it recurred in equally disastrous form in 1839, and this time it seemed impossible to stem the disaster or to recover from its consequences. The British crisis of 1836-39 was much slighter than that in the U. S., and was chiefly notable for the reform in the British currency system whereby the danger of inflation was done away with.

The next crisis of importance was that of 1847 in the British islands. Although railroads had been invented as early as 1825, it was not until 1845 that railroad operations were developed on a large scale. In that year and the two years following the amount of railroad construction in Great Britain was enormous. Unnecessary roads were brought into operation, while other roads were chartered and begun which could not be put on a paying basis for some time to come. The mania for railroad-building in Great Britain was worse than that for internal improvements in the U. S. ten years earlier, and the reaction in 1847 even sharper and more widespread, though not of such long duration.

In the year 1857 there was a general crisis that affected

the financial world as a whole and not any one or two particular countries. The discovery of gold in California in 1849 had started a fever of speculation which culminated in 1856. The Crimean war, producing an artificial demand for special supplies, had tended to increase this speculation. France had become deeply involved in the tide. The Crédit Foncier, the Crédit Agricole, and the Crédit Mobilier encouraged the investment of capital in all possible lines of productive industry. Germany followed suit, and attempts at restriction of bank-note issues by the Prussian Government seemed of little avail. Railroads were built in Prussia and in Austria on a large scale. British industry felt the force of foreign speculation. In the U. S. matters went quite as far as on the continent of Europe and further than in Great Britain. Railroads were extended from the seaboard to the lakes and the Mississippi. The policy of land grants caused unnatural development of certain sections of the West and South with greater rapidity than would have been caused by the legitimate demands of trade. Meantime the bank reserves began to fall, while the liabilities were constantly rising. On Aug. 22, 1857, the loans of the New York banks were \$120,000,000, their coin reserves but \$40,000,000, their circulation less than \$9,000,000, their deposits but \$89,000,000. Such a state of things could not continue. Yet the banking conditions in New York were far better than in any other part of the country. So loose were the State bank laws of the time that "wild-cat" notes without any proper specie reserve formed a constant menace to commercial credit. When speculation failed at any point the banks were useless; when the banks were useless the means of payment failed at all points. The failure of the Ohio Life and Trust Company on Aug. 24 began the difficulty. Other failures followed. On Sept. 30 109 large houses had failed, forty banks were ruined, and many more were in such straits as to be of no service in helping their customers. On Oct. 13 the crisis culminated in New York city. The suspension of payments followed on the 14th. Two months more and the large railroad and industrial companies were failing to meet their interest obligations. Prices fell ruinously, cotton dropping from sixteen cents a pound to nine cents. In New York alone 30,000 laborers were out of employment. Nor could Great Britain remain untouched by such a disaster, loaded as were some of the British financiers with American investments. Early in November several important failures took place. On the 9th the largest Scotch bank suspended payments, and this was followed by a general run on Scotch banks as a whole. The resources of the Bank of England were inadequate to stem the tide. On Nov. 11 the reserves had fallen to \$7,000,000. On Nov. 12 the Bank Act was suspended and the directors given authority to issue notes in violation of the provisions of the act of 1844. This checked financial panic, but did not prevent the industrial crisis that followed, with the inevitable result of throwing large numbers of laborers out of employment. The same conditions ensued in Germany, in Austria, and in fact almost all over the Continent; nor did anything like thorough recovery take place until after the close of the civil war in the U. S.

There was a crisis in 1866 in London, and on Sept. 23, 1869 (Black Friday), in New York; but each of these was a financial panic rather than an industrial one, and was strictly localized in its effect, the latter especially being connected with gold speculation. The crisis of 1873, on the other hand, was industrial rather than financial, and was, on the whole, the severest and most general one through which the world has passed. From 1869 to 1873 there was an enormous amount of investment of capital in machinery and transportation agencies. Several causes combined to produce this effect. The opening of the Suez Canal had given a great stimulus to trade. The substitution of steel rails for iron had created possibilities of cheap and profitable railroad transportation undreamed of ten years before. This cheap transportation facilitated the interchange of manufactured goods with farm produce and rendered the concentration of manufacturing capital and the consequent economy in production easier than ever before. It also made it possible to develop new land which was previously out of reach of any market. This was an important factor in the growth of the West, a growth which was stimulated by the renewal of the land-grant policy already described. Taking all these things together, we find unprecedented building of new railroads, new factories, and new ships, and side by side with it a development of new land on a wider scale than ever before. Much of this was done with bor-

rowed capital, the high long as the year that it was at the old then in the fall of 18 Sept. 18 New York Fisk & H which it would be everywhere cause the but the loans were ten year time flow false estimation indu 1873, and in Europe by means itself at great improvement resumpti

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capital, a rate of interest being fixed on the basis of the high prices which prevailed in 1870, 1871, and 1872. As these high prices continued all went well, but by the year 1873 capital had been duplicated to such an extent that it was no longer possible for all the products to be sold at the old prices. First in manufactures, then in railways, then in farm products, there was a decided fall. The beginning of this fall occurred in the latter part of 1873. On Sept. 18 the great banking-house of Jay Cooke & Co., in New York, failed, and this brought trouble to the house of Baring & Co. in London and to the London house of McCulloch, with which it was connected. Involved as the whole financial world was in unsound speculation, this meant disaster everywhere. It was not so sudden as the crisis of 1857, because the banking system was better, especially in the U. S., and the results were even more lasting. The short-time loans were better covered in 1873 than they had been six or seven years before, but not the mortgages and other long-time loans. Capital had been borrowed for investment on the estimates of land value. The year 1874, as far as general industrial condition was concerned, was worse than in 1871, and 1875, 1876, and 1877 involved still greater distress in Europe and America alike. The trouble was intensified by the legislation in various forms, and perhaps showed itself at its worst in the middle of 1877, at the time of the great railroad strikes. After this there was a slight improvement, slow in 1878, very much more rapid after the resumption of specie payments in 1879.

The years 1879, 1880, and 1881 formed a time of active speculation on the whole, sound speculation. People had not forgotten the lessons of the crisis of 1873. Land was mostly held at a moderate valuation. Much capital was borrowed, but the security for such loans was better, the rate of interest lower than it had been the ten years before. But in 1882 railroad-building was carried to such a point that it was impossible for the business of the country to stand up to pay interest on the investments, and with the excessive railroad-building there was an excessive demand for iron and coal which could be only temporary. At the close of 1882 clear-headed people feared a repetition of the experience of 1873. These fears did much to prevent the recurrence of the danger in the form which it took ten years previous. Although a financial panic occurred in May, 1884, it was a comparatively slight one, but there was a period of industrial depression, intensified and prolonged by the mischievous action of certain labor organizations in 1885 and 1886.

By the close of 1886 confidence was restored—in certain things too much restored—for the railway-builders repeated the mistakes of 1882, and paved the way for adverse reaction in 1887-88 and for a depression in railway securities.

Europe was somewhat affected by the depression of 1883, but not at all by that of 1888, which was in its nature local and partial. The European markets were far more disturbed at the end of 1890 by the failure of a series of speculations in which the U. S. had taken little or no part. European houses had invested largely in African and Argentine securities. The financial movements in the Argentine Republic in 1889 were closely parallel to those in the U. S. in 1840 or 1873, but in some respects even worse, and the reaction was correspondingly severe. Meantime French houses had been speculating in copper on a large scale. The failure of the copper syndicate, coupled with the collapse of Argentine credit immediately following, involved leading bankers both on the Continent and in England in difficulty. Public confidence was shocked beyond measure by the suspension of payment of Baring Brothers, a house whose name had for generations stood perhaps higher than any other private concern. The industrial crisis did not at first appear to be proportionate to the financial danger, but the resulting depression, though not so general, has been widespread and lasting.

Such is the history and general character of commercial crises. It remains to examine the theories which have been offered as explanations.

An ingenious but unsound one is the *sun-spot* theory. It was observed that there were crises of more or less severity in 1815, 1825, 1835, 1847, and 1857, periods of about ten or fifteen years elapsing between each successive crisis. Now it happens that sun spots attain a maximum once every ten or a half years, and it occurred to certain ingenious observers that these sun spots probably had an effect on the harvest, producing prosperity at one time and depression at

another. This theory was defective in several points: first, it could not be proved that there was any possible connection between sun spots and good or bad harvests; second, commercial crises sometimes occurred just after a good harvest and sometimes just after a bad one; finally, the civil war in the U. S. quite broke up the regular ten-year round of crises, and, as it did not have any appreciable effect on the sun spots, it may be said to have broken up the theory also.

The second theory, and a better one, is that of *misdirected production*. The advocates of this theory say that a commercial crisis is due to the investment of unnecessary capital in wrong lines of industry. They deny the possibility of general overproduction, or anything like it. They say that the so-called general overproduction is really local or partial overproduction, and means underproduction elsewhere. There is a special demand for particular lines of manufactured goods or for the development of internal improvements in certain localities. Capitalists rush to take advantage of the special opportunity for profit and overdo the matter, investing twice as much capital as is necessary and contracting large obligations in connection with such investment. This capital, once invested, can not be withdrawn, nor can it be profitably transferred to any other line than the one originally proposed. Naturally, however, the overproduction of particular lines of goods or the overdevelopment of particular localities brings its reaction. The expected prices can not be realized; the obligations can not be met. Producers and banking-houses alike suffer severely from the misjudgment of investors, and such suffering must continue until a part of the misapplied capital is worn out, or until the needs of the country grow up to the volume of capital invested. This theory is true in a great many particulars, but it fails to take account of two sets of facts. In the first place, the commercial crisis, instead of being local or partial, applies, to a greater or less extent, to all lines of industry. Under the theory just outlined, if manufactures become unprofitable, we should expect to find farmers rejoicing in being able to sell their goods to advantage and buy these things that they wish cheaper than before. But, in point of fact, the farmers suffer at the same time with the manufacturers. We also find that the financial disaster, instead of being a result of the fall in prices of certain goods, usually precedes it—that credit collapses first and production suffers afterward; whereas the misdirected production theory would put these events in the opposite order.

The true explanation can be understood only by a knowledge of the existing credit system. Suppose a merchant wishes to extend his business. Does he borrow the cash to do it? Not generally. He goes to a bank to get his bills discounted. If A has sold goods to B, an agreement to pay this bill at some time in the near future serves as a basis on which A can increase his line of bank deposits, and can draw more checks than would otherwise be possible. As long as A and B are both good, and as long as the bill represents an actual transaction, the bank will be glad to discount such paper. On the line of deposits thus created a large proportion of the expanding business is based. These bank deposits are for many purposes the chief currency of the country. The large business payments are made by check and not by cash. The amount of such checks that can be drawn is based on the amount of the deposits in the bank. The amount of deposits in the bank depends in considerable measure upon the amount of accepted bills. If prices, for any reason, begin to go up, this fact increases the size of the bills and creates an increased line of deposits, particularly as the banks are readier to furnish accommodation on a rising market than on a falling one. But this increase of checks tends in its turn again to increase prices; and thus matters go on, higher prices producing more deposits, more deposits involving more checks, more checks acting as a virtual inflation of the currency and producing still higher prices. But this can not continue indefinitely. By and by the deposits of the bank increase out of proportion to their coin reserve. Such operations must be contracted. This contraction of bank accommodation, like a contraction of the currency, begins to produce a fall in prices. As prices fall it is harder to get bills discounted. This increased difficulty of obtaining accommodation increases the contraction and lowers the price still further. Men who incurred obligations on the basis of inflated prices now find themselves unable to meet those obligations, even though their business has remained the same.

The contraction thus described may be either sudden or gradual. If there is a panic, as in 1857, it will be sudden. If there is no panic, as in 1894, it will be gradual. But in any event the effect is the same. Producers who have borrowed money and used it in making investments which can only be profitable on a high-price level now find themselves forced to sell the goods at a sacrifice. More than that, they must in some measure contract their operations, reducing their wages and their working time, and spreading the distress from purely financial circles to the community as a whole. Business is done with capital borrowed at rates based on temporary high prices. If there is a general fall in prices, all business is liable to suffer. The credit system is an exceedingly delicate means of getting goods into the right hands. A general failure of credit renders such a result impossible, and may create all the appearances of general overproduction, whether we call it by that name or not, simply because the product can not be put into the places where it is needed. Every producer finds it hard to sell his goods; if his financial solvency depends upon selling them at a remunerative price, he goes under, and some one else takes his place.

As long as any one who can save or borrow capital is given the right to control industry, it will be impossible wholly to prevent this state of things. Some conditions, however, may increase the danger, while others tend to diminish it. A country with a metallic currency, accepted all over the world, is very much less liable to such dangers than a country with a paper currency which may be inflated, or even with a metallic currency which other nations are unwilling to accept in payment of debts. Again, laws may be so framed as to encourage the borrowing of capital on insufficient security by giving every facility to reckless speculators to manage unsound enterprises and then escape liability; or they may be so framed as to hold all such speculators responsible for damages, and liable in cases of fraud to actual imprisonment. The U. S. is behind most other civilized nations in this respect, especially in the matter of the personal liability of directors, which is much greater both in Great Britain and in Germany. Such liability does not seriously interfere with honest enterprises, and it prevents many of the dishonest ones, which do the most harm.

Socialists claim that crises are a result of individual business activity, and would be averted in a large measure if the conduct of industry were intrusted to the hands of government. They say, with some plausibility, that it would be better to decide where and how capital should be invested on the basis of industrial statistics instead of taking the chance of individual gain with great possible loss to the community. To this view it may be answered that no government has been found wise enough to conduct affairs of this kind on the scale proposed, and that the few experiments of the sort, like that in Paris in the revolution of 1848, have indicated that such action would produce more trouble than it would avert. While private industry may produce goods that are not needed, government industry, under the direction of a socialistic authority, is almost sure to do so. Whether government action in these matters is to be increased or diminished, the remedy must be sought in higher education of the business instincts of the community. If the community can not look five years ahead, it will be liable to the results of miscalculation, whether its business be managed by private individuals or by government. If the community can look five years ahead, it will be comparatively free from these evils. Whether individuals or governments are to be intrusted with this work of prevention depends chiefly on the question whether individual capitalists or government officials are likely to possess this business intelligence and foresight in the higher degree.

There is no good work in English on commercial crises. D. A. Wells's *Recent Economic Changes* may be consulted with advantage on some points. See BANKS, CURRENCY, INTERNAL IMPROVEMENTS, AND POLITICAL ECONOMY.

A. T. HADLEY.

Commere, kō'mār, LÉON FRANÇOIS: genre and portrait painter; b. at Trélon, Nord, France, Oct. 10, 1850. Pupil of Cabanel; Grand Prix de Rome 1875; second-class medal, Salon, 1881; Legion of Honor 1885. He is a very able technician. His *A Star* (1882), a portrait of a ballet-dancer, is owned in the U. S. and is a brilliant piece of painting. Studio in Paris.

W. A. C.

Commerson, kom'mār'sōn, PHILIBERT: French botanist; b. at Châtillon-les-Dombes, Nov. 18, 1727. He accompanied

as naturalist the expedition of Bougainville, which sailed in 1767, and he visited South America and explored Madagascar, etc. He died in 1773, leaving some works in manuscript. He was elected a member of the French Academy in 1773. *Commersonia*, a genus belonging to the family Sterculiaceae, commemorates his name.

Revised by CHARLES E. BRISSET.

Commination [from Lat. *deriv.* of *comminare*, threaten, because in it God's threatenings against sin are repeated], a penitential service in the Liturgy of the Church of England. In that of the American Episcopal Church the greater part of this service was omitted at the revision of 1789. In the new *Standard* of 1892 portions of this ancient office have been restored, with the title *A Penitential Office for Ash-Wednesday*, and are placed in the Prayer-book after the special *Prayers* and *Thanksgivings* following the *Liturgy*. The commination in the English Book of Common Prayer comes with little change from the old in use at Sarum and York. The Greek and Latin Churches retain the commination, but only for Ash-Wednesday. The commination is in substance a repetition of the curse found in Deut. xxvii., and at the reading of each sentence the congregation responds *Amen*. It is read in the English Church upon Ash-Wednesday, and upon such other days as the ordinary shall direct. Its use is traced back to about 700 A. D.

Revised by W. S. PEARCE.

Communes: See COMINES.

Commire, kō'meer', JEAN: Jesuit teacher of theology and Latin poet; b. at Amboise, in France, Mar. 25, 1625; d. in Paris in 1702. He was remarkable for his frank and upright character and for spirituality. He is now remembered only for his Latin poems (*Poemata*, Paris, 1678; n. s. 1785, 2 vols.), which are mostly upon religious and moral themes, and are remarkable for elegance of diction rather than for power or originality. He produced some fine Latin verse.

Commissariat [Fr., from *commissaire*, rounds man], that department of the military administration which has in charge the furnishing of food, forage, clothing, camp-equipment, quarters, etc. In ancient Rome the quarters were tended to the victualing of the troops. In the U. S. these functions are divided between the subsistence department, which furnishes the food-supplies, and the quartermaster's department, which furnishes camp-equipment, quarters, etc. The first English commissary-generals were called proviant masters. The British commissariat is now under the charge of the quartermaster-general. That of the U. S. is present is under an officer who has the rank of a brigadier-general and the title of commissary-general of subsistence. See SUBSISTENCE OF ARMIES.

Commissary (in *Fr. commissaire*): a term nearly synonymous with deputy, signifies one to whom the power and authority of another is committed. It is sometimes used in a sense nearly equivalent to that of commissioner. In the army the officers of the commissariat department are styled *commissaries of subsistence*. The officers having charge of musters in and out are *commissaries of musters*. In ecclesiastical law, a commissary is formally appointed by a bishop to exercise jurisdiction in his name or on his behalf. The bishops of London, in whose jurisdiction the North American colonies were before the Revolution, appointed commissaries in the various provinces who governed the clergy, adjudged causes referred to them for settlement, and administered discipline, subject of course to appeal.

A papal commissary is a bishop or other high functionary deputed to perform duties properly belonging to the pope. There are *temporary* commissaries appointed for the performance of a single act or a few particular acts; and *perpetual* commissaries, who regularly represent the pope or some superior prelate in a specified place or district. Often the duty of a commissary is performed by a board of officers who together constitute a *commission*.

In Scotland the sheriff of each county is called also *commissary* of that county. When the Reformation drove the papal commissaries from Scotland, there was established a supreme commissary court in 1563 for administering the law in such cases as had been formerly decided by the ecclesiastical courts of the papal representatives. The commissary court gradually lost its powers, its duties being performed by the civil courts. In 1836 it was abolished, but there are still commissary courts for the counties presided