

quicken this rate. These are, shortly, a growing density of population; improvements in transport and in the communication of ideas, not only through the greater facilities yielded by rapid mail deliveries, telegraphs, and telephones for the transmission of ideas and orders, but by accelerated train and steamer services in the transit of goods; the extended use of book credits and of cheques; greater regularity of payments; shorter intervals between receipt of wages; and the growing tendency to synchronize receipts and payments. Observation and the statistics available support the opinion that in all these respects considerable influence must have been exerted in New Zealand during the last fifteen years in the direction of accelerating the nimbleness of money. The velocity of circulation of credit money is, of course, greater than that of the heavier and more bulky metallic money, the latter being relegated largely to the use of wage-payments and retail transactions. Under this credit system there has been no necessity to allow money to lie idle waiting for profitable use.

(4.) When we view the remaining factor, *the volume of trade*, we find that it can bring about the depreciation of gold only by falling off in itself. If fewer goods are to be exchanged by means of a given amount of money, more money will be offered for each unit of goods. But the greater part of the last twenty years of New Zealand's economic history has been marked not by a falling-off in the volume of trade, but by a remarkable increase therein, whether it is measured by production, market, or transportation statistics. In a new country like this, peopled from a vigorous stock, it would be indeed startling if the volume of trade did not regularly increase through the utilization of the natural resources, the settlement and improvement of the land, the increasing physical, mental, and moral efficiency of the people, the accumulation of capital, and the gradual improvement in the organization of industry with regard to security and economy in production, by invention, division of labour, and the general adaptation of labour and capital to their environment. The depreciation of gold must therefore have been in spite of, and not because of, the increase of trade in New Zealand. In fact, this factor, the expansion of trade, must have had the effect of retarding the rise in prices that has taken place and have tended to decrease the cost of living. But the production of commodities has been outstripped by the expansion of money, including credit, so that the cost of living has steadily increased. It would be possible to increase the quantity of money, and of credit built on that money, till the labourer, instead of getting 10s. a day would receive £10 a day. Such wage, however, would be of little use, as prices would probably all have risen in proportion. Prices are now ten times higher than they were a thousand years ago. The way in which wages and other incomes would be affected is shown in the next section and the next chapter.

3. We have now shown that the general purchasing-power of money is the effect of certain causes, of which the most important is the amount of money in circulation, and that this depends largely on the annual gold-supply; further, that the depreciation in the purchasing-power of money, which has been a chief factor throughout the world since the middle nineties, has been accompanied by, and is chiefly the result of, a greatly increased rate of gold-production. An attempt to show this increase in production is made in the following tables.

Increase in
the pro-
duction of
gold.

Sauerbeck estimates the value of the gold produced since 1880 to be:—

TABLE 25.

Period.	Value.	Year.	Value.
	£		£
1881-85 average	21,000,000	1906 ..	82,000,000
1886-90	23,000,000	1907 ..	84,800,000
1891-95	33,000,000	1908 ..	90,900,000
1896-1900	53,000,000	1909 ..	93,400,000
1901-05	66,000,000	1910 ..	93,400,000*
		1911 ..	95,900,000*

* Rough estimates.