

would be the type of human industry. According to their theory, labour may climb the mercantile ladder and reach its summit, not, however, to retain a firm footing on the eminence reached, but to be precipitated to the earth. Prosperity may be touched, not grasped; it eludes the hand as the stream of water approached the parched lips of Tantalus only to retreat. We may till and sow, but the crop vanishes before it can be garnered. Thus doomed to perpetual and unrewarded toil, it is our hard fate to pass our lives:—

Still dropping buckets into empty wells,  
And growing old in drawing nothing up.

Surely this is not a law of Providence. It is difficult to understand, if industry, guided by intelligence, is capable of raising a nation to prosperity, that the same industry, improved by its exercise, and the same intelligence, matured by experience, should not, at least, render that state of prosperity permanent? The reasonable presumption, indeed, would be that the state of prosperity would advance, since practice sharpens aptitude, and experience discovers and amends defects. But, according to Mr. Loyd, the theory of trade is an exception to this rule; the cycles of prosperity and ruin are inevitable. Before giving our assent to this disheartening doctrine, let us inquire if the evils said to be inherent in the system, are not the consequences of ignorant or fraudulent legislation; for if they are, then they are remediable. If the intrinsic value of a commodity be represented by  $x$ , and that commodity is not charged with any taxation, it can be sold for  $x$ , giving to the producer the ordinary rate of profit; but if it is charged with a tax, represented by  $y$ , then it cannot be sold for less than  $x + y$ , if the producer is still to receive the ordinary rate of profit. If  $x$  equals four, and  $y$  equals two, then  $x$  plus  $y$  must equal six, whether six express pounds, shillings, or pence. By the application of this simple formula, we propose to test Mr. Loyd's theory of trade.

His initial point is quiescence, which we shall designate by  $x$ . The culminating point in the ascending scale is prosperity, which we shall denote by  $x$  plus  $y$ . The final point in the descending scale is again quiescence, which again we must express by  $x$ .

Quiescence, then, is that state in which commodities are sold for their barter price, from which taxation is altogether excluded. In that state, employment is difficult to be obtained, wages and profits being at the lowest ebb. In this sense, quiescence does not signify an invigorating repose, but a death-like torpor. Improvement denotes that prices have somewhat risen above the barter level, so that the productive classes are enabled to recover from the consumers a slight proportion of the tax they have advanced. Growing confidence shows that a further rise in prices has taken place, that wages and profits have risen, and that additional taxation has been recovered by the productive classes. When we have reached prosperity, we have completely attained to the taxation level, expressed  $x + y$ ; and the industrious classes are fully employed and self-sustaining. But we cannot, according to the theory of Mr. Loyd, retain our position; we already tread upon the slopes of the declivity, and enter upon the descending scale. Excitement denotes the giddiness with which we are seized while standing on the summit of the ascent, and over-trading the slipping of the feet. Some disturbing power, presently to be described, has commenced to drag prices down. Terror seizes the