

This is what bankers call a foreign drain. A rise in the rate of the Bank of England is the expedient used to check a foreign drain. It checks the exportation of money. It means this, "If you leave your money with us a while longer you may have higher interest." These factories and their products will depreciate in value, and what should have been done at first will have to be done at last, namely, develop the agricultural resources of the country.

England protected her manufactures till they became developed. This was right. But she withdrew all protection from agriculture. This was wrong. Her manufactures are now a drag in the market, while she pays the highest prices in the world for food. Thus we see she buys dear and sells cheap. This is burning the candle at both ends. She can do this at present just because London is the great money market of the world. Money is sent to London from all parts of the world for investment. Hence there is always a great floating capital there. This deceives people. The capital is always there, but it is not the same capital, and it is not all owned there. This is more particularly the case since the late French and German war. Before that time Paris was a great money market. The German Government has large sums of money in London. Nearly all the French indemnity was paid in London, and a great part is still there. It is this floating capital that enables England to go on, year after year, importing food and paying for a great part of it in gold. England, with all her ships and factories, should be able to pay for her food with her manufactures, and that she cannot do so proves that her labour is unproductive. Free-Trade is the cause.

If the demand for English manufactures was not on the decline, it might be safe to go on depending on imported food. But, as I have shown, England's best customers for coal, iron, machinery, and other goods, are now nearly independent of her. To hold her trade in future, wages will have to come down; and reduced wages means diminished comforts for her labouring classes. The real problem is, how will the price of wages come down while the price of food goes on increasing, as it is sure to do while the greater part of it has to be imported. Free-Trade was intended to elevate the labourer, but for the foregoing reasons it is sure to injure him.

I have said that England does not produce near all her own food, and that from the diminishing demand for her manufactures they have become insufficient to purchase it. Now, it remains to be shown how England pays for the excess of imports over exports. London is the world's banker. For example, it is said that Brigham Young has nine million dollars there on deposit. From all parts of the world money is sent to London. It is curious that money should be sent from countries where interest is high to a country where interest is low; but it is the case, nevertheless. This is the reason. One can get more money in London on demand than in any other place, because the bank that has the largest deposits can furnish the largest loans on call. It need not be the bank that has the largest capital of its own, either. English bankers lend these deposits to the British Government, to foreign governments, and to all parts of the world; and *it is out of its profits as a banker in this way that it pays for the excess of imports over exports.*

Suppose, for example, that Brigham Young has nine million dollars on deposit with some English bankers. This may be part of the money which is paying for the Suez Canal.

Whatever England makes in this way by being the world's banker, we know that her losses are also enormous. Take the Turkish bondholders, for example. It is not long since an association of foreign bondholders was formed, and the published statement revealed enormous losses. As I have shown, these losses are not all out of English capital. As yet, it is foreigners that are defaulters to English capitalists, but if the losses continue, English capitalists may yet become defaulters to foreign depositors. It is impossible to determine England's financial standing. As yet, she is the world's banker, and handles much more money than any other nation; but if a bank's deposits are numerous enough and large enough, it can go on doing business long after its own capital is all gone. Free-

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