

indication of a satisfactory state of trade having been revived, it has been demonstrated by the advocates of free trade that the excess of imports is owing to the large amount of interest on foreign investments, and to the freights earned by British ships both inward and outward. A practical illustration of the absurdity of the balance of trade theory has been cited. The cost of 2000 tons of coal free on board at Cardiff is £1,000. The freight of this coal to San Francisco is £500. The proceeds of the coal at San Francisco will purchase 2,000 quarters of wheat, the freight of which to Liverpool will be £1,500, and to cover cost and charges it must be sold for £4,000. Now in the export tables the entry will be £1,000 for coal, and in the import tables £4,000 for wheat, thus giving a balance of £3,000 against Great Britain, although in point of fact the one shipment was exchanged for the other. This is said to be a "most important explanation of the excess of our imports over our exports." It must be obvious that if the excess of our imports were not caused by the payment of interest on investments, and for freight, it would have to be paid in gold, but it appears from the records of the movement of bullion, that the imports have largely exceeded the exports during a long period of years. When it is borne in mind that during the last five years there has been a succession of bad harvests in England, the only wonder is that the suffering has not been much greater. The loss from the failure of the crops within the last three years has been variously estimated from £300,000,000 down to £150,000,000, but either estimate is truly appalling. Notwithstanding this national calamity, there has been a marked decrease in the number of paupers, and a considerable increase in the Savings Banks deposits. On 1st January, 1871, the indoor and outdoor paupers of England and Wales numbered 1,081,926, and on 1st January, 1881, 803,126, being a decrease of more than 25 per cent., notwithstanding a considerable increase of population in the decade. In 1870 the Savings Banks deposits were 53 millions, and in 1880 they had risen to 78 millions, or nearly 50 per cent. Again, it is proved that there has been a considerable increase in the consumption per head of the population of the principal imported and excisable articles. Other facts are adduced in proof of the advance of the country in wealth. While in 15 years the excess of imports over exports was £1,225,652,357, the property assessed to the income tax increased from £413,105,180 to £578,046,297. The capital invested

in railways increased from £481,872,184 to £717,003,469. In the same 15 years the import of bullion was greater than the export by £66,567,932. The rate of interest for money has been seldom lower than during the last few years, and the price of consols has gone up from about £88 to nearly par. The explanation of the great excess of imports over exports in late years is explained very satisfactorily. Between 1867 and 1877, at least £600,000,000 of English capital was lent to foreigners, a considerable portion of which was in 1871 to 1873. But for some of these investments turning out badly, the excess of imports would have been still greater, and yet if no bad debts had been made, our sapient balance of trade theorists would have argued that the people of Great Britain must be worse off because they were importing still more.

The impracticability of the "fair trade" policy is manifest from a consideration of the imports into the United Kingdom which aggregate £411,000,000. Of this amount, £170,000,000 consists of raw materials, which even Mr. Eckroyd would exempt from taxation. £156,000,000 is the amount of the provisions imported. Goods, on which duties are levied at present, viz., tea, coffee, tobacco, wines and spirits, amount to £33,000,000, leaving £52,000,000 as the value of manufactures now admitted free. Of these, £6,619,182 were re-exported, leaving about £45,000,000 as the imports for home consumption. The trade with the United States, the country which has the highest protective tariff, consists, as regards exports to the United Kingdom, of \$450,000,000, of which food is \$258,000,000, raw material \$138,000,000, manufactures about \$15,000,000, and sundries \$39,000,000. It is sensibly remarked by the writer in the *Nineteenth Century* that with such an amount of imports, the largest item of which is only £704,291, "it is simply absurd to think of influencing them or retaliating upon them by putting duties on their manufactures." Great Britain sent to the United States £25,000,000 of manufactures, and received under £3,000,000. It exported to the States cotton goods amounting to £3,643,237, and imported from them £704,291. It exported to them iron and steel, value £10,980,360, and imported £403,234. "It is therefore obvious (says the *Essayist*) that no pressure could be brought to bear upon the Americans, unless duties were put either on provisions or raw materials, and practically that is the case with our imports from all the world."

Much has been written during the "fair trade" discussion about the distress at

Bradford, which has been specially a mart for worsted goods, and which has been exposed to competition with French goods. It is pointed out in the article in the *Nineteenth Century*, as well as in that in the *British Quarterly*, that the Bradford manufacturers are themselves responsible for what has occurred. "It is not a duty that is required, but more skill and ingenuity." Mr. Shepard, United States Consul at Bradford, states that "not a little of the unsatisfactory state of things existing at Bradford is due to prejudice, a lack of enterprise, and a failure to comprehend the logic of events." Again we are told, "while our makers were asleep, believing that no one would be able to touch their supremacy, our competitors were establishing technical schools, in which they trained their artisans and managers at considerable cost." The exports of worsted goods have seriously decreased, and the imports considerably increased, proving that not only are the British manufacturers beaten abroad, but are competed with at home. The French manufacturers chiefly make and excel in a lighter and softer class of materials than the English do. They use colonial wools largely, while the English consume home wools. The fashion has of late run upon light and soft materials, for the manufacture of which the French machinery is specially adapted. We have endeavored to give an idea of the views entertained by Mr. Whittaker, the author of the article in the October number of the *Nineteenth Century*, entitled "Fair Trade League Proposals," and of Mr. William Summers, who, in the October number of the *British Quarterly*, has discussed "The Attack upon Free Trade." The facts adduced by these writers do not lead us to think that there is the most remote probability that a reactionary policy on the subject of free trade will be adopted by the Imperial Parliament; indeed, while the Liberal leaders and the press are united in their adherence to free trade, there is a manifest reluctance on the part of the most influential Conservatives to commit themselves to a reactionary policy.

CUTTING RATES ON RAILWAYS.

The war which has been carried on for some time back between the principal railroad companies in America has naturally led to public discussion, and we have before us the text of Sir Henry Tyler's speech at the recent meeting of the Grand Trunk Railway Company in London, and an article in the *London Fortnightly Review*, entitled "Railways