

power of the community is a fixed quantity ; if prices are exalted they are forced to curtail their demand ; if prices fall they can and do demand an increased quantity, as we know from every day experience.

This rise in the price of bread must therefore decrease the quantity demanded, or the quantity of other commodities and securities demanded to the extent of its increased cost. What the increased cost of bread will amount to for one year as a result of the present rise in price may for the sake of illustration be roughly estimated. Let us allow a $\frac{1}{2}$ lb. per capita as the daily consumption. There are 41,000,000 people in the United Kingdom, this number multiplied by 365 would equal 14,965,000,000, the aggregate consumption in $\frac{1}{2}$ lbs. for one year ; each $\frac{1}{2}$ lb. represents $\frac{1}{4}$ c. extra cost ; if we divide the aggregate consumption by 400 the result will give the extra cost for one year *i.e.* \$37,412,500. If the people purchase the usual quantity of bread at the increased price they will be forced to forego the purchase of other commodities and securities to the extent of about \$37,000,000. To produce and distribute commodities and securities that would sell for this amount, would keep a good many people employed for one year. We see from this that the rise in the price of bread although so small, will in the course of one year reduce the purchasing power or effective demand of the people of the United Kingdom enormously, and consequently check the demand for labour.

Now the imposition of preferential duties would exalt the price of a long list of commodities,