

slightest prospect of even the most temporary deficiency in the supply of any commodity, than some one immediately commences to buy up every parcel in the market he can lay his hands on, and every shipment to arrive. Once in possession of the bulk of available stock, and he is in a position to demand his own price from the consumers. In California the same system prevails. "The mercantile business is very lively and fluctuating in California," says Mr. Hittell. "There is no people in the world, who, in proportion to their numbers, import so largely of foreign goods, or who pay such prices for them. The amount consumed is not very great, the supplies are irregular, and the time required to obtain shipments round Cape Horn about four months, and therefore it is not a very difficult matter to forestall the market; and it is a frequent occurrence that a few wealthy men combine together to try to buy up all of a certain kind of merchandize, and then control the market and raise the price. In other countries it is impossible to get any accurate information about the supply of an article which is stored in large quantities in fifty cities, and owned by hundreds of merchants and producers; but in California the main stock of all imported goods is stored in San Francisco, and is held by a few men. Our business of dealing in merchandizing is therefore full of speculations, which, though dangerous, are agreeable to the bold and enterprising, and contribute to render our trade peculiar and different from that of other States."* It is apparent, therefore, that in countries remote from the source of supplies, like Australia and California, those who consume imported goods have to pay black-mail to forestallers, in addition to shipping charges, manufacturer's profit, and importer's commission; and this black-mail is often of no trifling amount, but varies, according to circumstance, from ten to one hundred per cent. on the ordinary market price of the goods. In estimating the difference in price between an imported and a home-made commodity, however, this contingency of forestallers' profit is seldom or never taken into account.

There are besides other circumstances which must not be lost sight of in estimating the comparative price of an imported and home-made commodity. It does not by any means follow that because the price of a home-made commodity is higher than that of an imported one, the consumer is a loser by the extent of the difference, for the higher priced commodity, even when the quality is the same, may often, in the end, be the cheaper of the two. Suppose, for example, that in a distant British colony there is a steady demand for steam-engines, the manufacture of which has not been established in the colony; the intending purchaser, looking only at first cost, ascertains that he can import the kind of article he wants for somewhat less than he can purchase it at, made in the colony, and he accordingly orders it from abroad. He does not take into consideration, as an element in price, the loss of time in procuring his steam-engine from a distant part of the world; the risk he encounters of having forwarded to him a different article from what he ordered; the cost of getting all the more intricate working parts in duplicate; or the extra expense involved in making the necessary repairs afterwards, owing to there being no proper engineering establishments in the colony. Ten per cent. on cost price would probably be too little to

* "Resources of California," p. 333.