

with money or goods to exchange for what they demand.

Now if we examine in the light of experience the effect the imposition of such duties would have on the purchasing power or effective demand of the forty one million people within the United Kingdom, not to speak of those beyond the seas, we shall find little to support this assertion.

To produce any appreciable result the proposed duties would have to be sufficiently high to exalt prices throughout the Empire. To benefit the colonies food stuffs would have to be put on the list of dutiable goods. The effect such duties would have on the price of food may be judged by what followed the imposition of a slight duty on wheat, flour, and meal, imposed a short time ago by the British Government. Sir Michael Hicks Beach when introducing the measure, was very positive that it would not increase the price of bread, yet the words were scarcely out of his mouth, when the price of bread rose one half cent per pound. Although this half cent advance seems but a trifle, its effect on the purchasing power or effective demand of the people of the United Kingdom will be very great.

In order to understand the effect of this artificial exaltation in price on effective demand, we must keep in mind the obvious truth that the people of a modern community spend or invest from day to day all or nearly all the money they possess. Outside of India and our Eastern Empire few people keep their surplus earnings in their own possession. In one sense therefore the purchasing