

THE PRESENT TRADE CRISIS

Critically Examined.



BY

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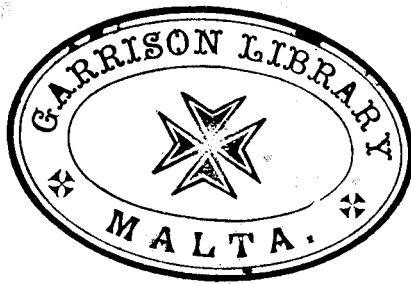
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ERRATUM.

Page 21, lines 10 and 11:—*For* “Birmingham Railway Station is of foreign manufacture,” *read* “is *partly* of foreign manufacture.”



PREFACE.

THE following pages are the result of visits to some of the centres of trade in this kingdom during the long vacation.

Many not engaged in commerce or agriculture may not realise the crisis now threatening our prosperity. If the perusal of this Pamphlet may cause them to turn their attention to the subject, my purpose will be fulfilled.

E. GARNET MAN.

LAMB BUILDINGS, TEMPLE,

December 10th, 1884.

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THE PRESENT TRADE CRISIS.

CHAPTER I.

PRESENT STATE OF TRADE.

SLOWLY—but surely—the trade of this country has been undergoing a mighty change. So gradual, however, has been the process, that it has crept on almost unobserved, but—irresistible in its onward course, it now threatens the very supremacy of our commercial prosperity.

Trade is making for itself new channels. The old mode of transacting business is giving way to new methods. The profits of the middleman are reduced to *nil*. Ostentation and luxury, of late years the leading characteristic of the middle classes, must succumb to more economic modes of living. Traders will have to be satisfied with smaller profits, rents fall, and the whole nation must be prepared, within the next few years, to grapple with a new phase in the commercial history of the country.

The "Times" in a leading article of June 10th, 1880, portrayed the hopes and fears of the nation, with regard to the trade and navigation returns. It ably pointed out the data upon which the nation's hopes had been based, and the general disappointment felt when those hopes proved fallacious.

More than four years have passed away since that article was written, and the better times hoped for have not arrived, on the contrary, the outlook has become more

gloomy than ever, and the "Times" of 1884, in the following extract from an article confirms the unfavourable impression of 1880 :—

The state of trade at present is a puzzle to the business community. It was easy enough to understand the long depression that followed the period of inflation graphically described by Mr. GLADSTONE as one in which the prosperity of the country advanced by "leaps and bounds." The countries that produce the raw materials of manufacture had borrowed too much in order to develop their resources, and when they were tried by a succession of bad seasons they found it difficult to meet their liabilities, and in consequence had greatly to restrict their purchases from the rest of the world. Moreover, during the years of inflation there had been much bad business done everywhere, and a time of liquidation was necessary to wipe away the losses and start afresh. It was hoped, however, that, as the depression was protracted the prosperity that followed would be equally long, and would reach a very great height. As a matter of fact, the expectation has been disappointed. In the summer of 1879 the revival of trade set in; but already slackness had begun in 1881, and for the past two years the depression has been increasing. It is now complained by merchants generally that their profits have either disappeared altogether or are extremely small, while great industries are admittedly in distress. Nowhere is there real prosperity. In the cotton trade, for example, the manufacturers are insisting upon a reduction of wages to enable them to keep their looms going. The great activity in shipbuilding has come to an end. The iron trade is slack. And generally business is inactive. Many of the complaints, no doubt, are exaggerated. But still the fact remains that the revival which set in four years ago was exceedingly short-lived, never reached any great height, and has already been followed by a reaction quite as prolonged. How are we to account for this disappointment of the general expectations of economists and business men?

Subjoined are extracts from various trade circulars, to the end of December, 1883.

SCOTCH PIG IRON.—(From Messrs. William Colvin & Co.'s Report, dated December 31st.) *The course of our market during the past year has been of a very disappointing character.*

ENGINEERING.—(From Messrs. Matheson & Grant's Report.)—*Manufacturing engineers are, for the most part, busy throughout the*

country, though only at moderate prices; but in the iron and steel trades the depression which we referred to in our July Report has increased, and seems likely to become worse.

AGRICULTURAL ENGINEERS.—The home trade continues dull; farmers are, as a rule, only just able to hold their own, and have but little money available for the purchase of machinery.

METALS.—(From Messrs. Stedman, Crowther, & Co.'s Report.)—A continuous fall in prices was the main characteristic of the metal trade during 1883, a state of things for which over-production and increased supplies were chiefly responsible; but cheap prices tempted buyers to ship more freely, and the Board of Trade Returns, so far as we are in possession of them for 1883, are not unsatisfactory as regards quantities, shipments of pig iron and railway iron to America excepted. To summarise, all metals remain at or near the *lowest prices of the year*, and in the face of the present keen competition we are inclined to think manufacturers must look for profit to *improved and cheapening modes of production rather than* to enhanced prices. The copper trade during 1883 was rendered unsatisfactory for importers by the persistent fall in value.

WOOD.—(From Messrs. Churchill & Sim's Circular.)—We take the following statistics from the Board of Trade returns:—Wood imported into the United Kingdom in the following years:—Total, in loads, 1878, 5,388,158; 1879, 4,716,497; 1880, 6,310,031; 1881, 5,653,810; 1882, 6,320,863; 1883, 6,597,427. *The trade therefore has been larger than in 1882; but it may be assumed, from the fact that prices have constantly been on the decline, that the business of the past year has not been a profitable one for the country generally.* The trade in London has certainly been unsatisfactory, the losses both on stock and by bad debts having been severe, and few houses, except those who have limited their transactions to agency business, have reason to regret that the year is at an end.

SLATE.—(From the Annual Report of Joseph Brindley & Co., Limited.)—*Prices have been very low, and trade dull, owing in a great measure to the difficulty experienced by speculative builders in obtaining advances on properties.*

COTTON AND COTTON GOODS.—(From Messrs. Robert Barbour & Brothers', Manchester, Report.)—The year closes quietly as regards the staple trade of this district. Some 50,000 looms are said to have been standing for over a fortnight, and where no actual stoppage has taken place short time has been largely adopted. *Taken as a whole, values of all cotton fabrics show a lower average than has been known, even in years*

of extreme depression, such as 1878 and 1879. The closing tendency is certainly not weaker. Supply is in excess of the demand, and until the balance is adjusted, either by reduced production or improvement of markets, we cannot expect a healthy trade.

WOOL.—(From Messrs. Charles Balme & Co's Circular.)—*The continued absence of recovery in the French demand for merino wool of colonial growth calls for especial mention. It will probably require some distinct elasticity in demand to ensure the maintenance of quotations even at their present very moderate level.*

WOOLLEN GOODS.—(From Messrs. Godfrey Drake & Sons' Huddersfield Report.)—*The general depression in all the great mercantile centres at home and abroad has made itself felt to a greater extent than during many recent years here in Huddersfield.*

FOREIGN RAGS AND FIBRES.—(From Messrs. J. Jowett & Son's Report.)—*The past year has not been profitable for importers of cotton rags. The demand has been dull and lifeless throughout, with gradually declining value.*

INDIGO.—(From Messrs. Stansbury and Co.'s Review.)—*To the importers of indigo from Calcutta the year 1883 was not so satisfactory as it should have been.*

DRUGS AND DRYSALTRY.—(From Messrs. Reynolds & Sellers's Report.)—*The past year opened with most articles in large supply and at low prices, thus giving every inducement to consumers to lay in stocks, and we think we shall echo the opinion of those most interested when we say that the spring trade was above an average of the past two or three years. During the summer the demand fell away, leading many to anticipate that with a favourable harvest the autumn would be as good or even better than the spring; this, however, was not verified, at least so far as the consumptive demand was concerned. With a good harvest, low prices, and cheap money, there was every prospect of a favourable autumn, many of the leading speculative articles (especially those with comparatively small stocks) being bought up. For a time (early autumn) it appeared that the trade would follow, but later on this demand fell away, American and Continental buyers assisting but little with their orders in reducing stocks, and the autumn trade generally has failed to come up to the expectations looked for earlier in the season.*

NITRATE OF SODA AND GUANO.—(From Messrs. W. Montgomery & Co.'s Report.)—*Nitrate of Soda during the past six months has shared with many other articles of produce in a general and extreme depression.*

WINES.—(From Messrs. Matthew Clark & Sons' Report.)—*In our annual issue of January, 1883, we commented on the very heavy falling off*

in the home deliveries of foreign wines during 1882, as compared with 1881, "upwards of 1,000,000 gallons," and we regret to report a further deficiency during the past year, about 15,000 gallons, according to the published Customs Returns to November 30 last. At present the prospects of business during this year are not very bright.

CANNED GOODS.—(From Messrs. Dickson & Renwick's Report.)—*A decline in values has taken place which has proved grievous to almost all and fatal to many. It has been almost impossible, unless in rare instances, to contract the slightest distance ahead without loss resulting before sales could be effected.*

In August last I visited the Clyde, and there witnessed the effect of the depressed state of trade as it reacted on the shipbuilding industry. Business was at a standstill. We hear of one large company of shipowners having to compromise for 5s. in the £; of others losing thousands a year; of the shares in a third falling from £10 and £15 to £5; and of distress prevailing in Glasgow and Sunderland, and at the other shipbuilding centres.

The following extract of a letter from Mr. Storey, M.P., speaks for itself:—

MY DEAR LORD MAYOR,—Referring to our conversation, there can be no doubt there is very serious distress in Sunderland, consequent upon the falling off of the shipbuilding and its subsidiary trades. Similar sharp distress is, I am sorry to say, being experienced on the Tyne, on the Tees, and in the other shipbuilding centres.

The "Echo" of April 15th, 1884, in a paragraph, gives a fair summary of the state of the shipping trade:—

With the Cunard Company declaring "no dividend," and several of the other steamship companies in no better financial condition, the outlook is not very promising for shareholders, especially as Continental competitors are making strenuous efforts to obtain a share of what is, as a rule, a profitable trade. Both Hamburg and Antwerp are rising rapidly. The collapse of the shipbuilding trade, especially in the North, is remarkable, although it is only an effect of the cause that the demand is not equal to the supply.

Mr. Gladstone, on October 27th of last year, also remarked in the House of Commons :—

Mr. GLADSTONE: I am aware of the great distress that exists to a very considerable extent in the shipping trade at various points to which reference has been made, and in regard to Birkenhead particularly, because, having been on the spot at a very recent date, I have had an opportunity of knowing it from personal investigation.

This report on Shipbuilding carries our date up to November 1st, 1884.

CLYDE SHIPBUILDING.

During October, 21 vessels, of an aggregate tonnage of 22,715 tons, were put into the water by the various firms on the Clyde. These figures, though 13,253 tons below the returns for October, 1883, and 4,300 tons under the return for the same month in 1882, compare favourably with returns for the nine years preceding these dates. The position of the trade has not undergone any change of late, and prospects are still far from being bright. In one or two yards there is a fair amount of work on hand, but the majority are steadily becoming empty.

Sir John Lubbock, in a letter to the "Standard" regarding the contraction of business, writes as follows :—

Total amount of bills, cheques, &c., paid at the Clearing House during year ending April 30, 1884 shows a decrease of 350,988,000 as contrasted with 1883.

Payments on Stock Exchange account days, form a decrease of £164,263,000 as compared with 1883.

Payments on Consols account days have amounted to 257,171,000, being an increase of 3,626,000 as compared with 1883.—(Signed)
JOHN LUBBOCK.

The Revenue Returns of the years 1883, 1884, are also remarked upon by the "Times."

The Revenue Returns for the financial year ended yesterday, although showing a surplus over the studiously moderate estimates, do not give a particularly satisfactory impression of the national position. During the last quarter the receipts have fallen off at a somewhat serious rate.

The half-year's revenue, ending Sept. 30, 1884, shows a deficiency of £1,390,598, of which £536,263 is attributable to the second quarter

The Customs' receipts have increased over the receipts of the corresponding quarter of last year by the sum of £156,000. The House Tax has also increased by the sum of £2,000, the Post Office by £20,000 and the Telegraph receipts by £5,000, altogether £183,000. But on the other side there is a diminution on the half-year of receipts from Excise of £225,000, from stamps of £150,000, from Land Tax of £12,000, from Income Tax of £440,000, from interest on advances, £80,410, and from miscellaneous, £660,188; total diminution, £1,573,598, leaving a net decrease on the first six months of the current financial year of £1,390,598. The falling off of revenue from Excise and Stamp Duties is depressing, evidencing as it does reduced profits, lower wages, and stagnating industries.

The "Pall Mall Gazette" gives the following remarks upon the Board of Trade Returns for October, 1884:—

The total value of exports for the month was £20,414,162, which was a decrease of £724,697 compared with October, 1883, and of £463,551 compared with October, 1882. The total exports for the ten months ended October 31 were £197,383,259, which is a falling off of £3,420,685 compared with 1883, and of £5,529,398 compared with 1882.

The total value of the imports for October was £31,097,132, which was a decrease of £4,736,623 compared with October, 1883, and of £3,054,883 compared with October, 1882. On the ten months ended 31st October there was a decrease of £29,170,288 compared with 1883 and of £15,571,766 compared with 1882.

The total of gold and silver imported amounted to £1,286,006 for the month, and £17,663,615 for the ten months. The total exported was £2,380,632 for October, and £19,253,377 for the ten months.

The following report is from the mining districts:—

SERIOUS DEPRESSION IN MINING.—The reductions that have taken place for some time past in the price of copper and tin are beginning to have a serious effect on the mines in Devon and Cornwall, and not only are wages being reduced, but men are being discharged in large numbers from different mines. From Owen Venn and Tregurtha Downs Mine alone, near Marazion, more than one hundred men have just been discharged, and at the monthly pay at the Devon Great Consols, the most extensive copper mine in the country, not only have fifty men been discharged, but a reduction is announced of 10 per cent. in the wages of the remainder. Devon Great Consols, in the height of its prosperity, a few years ago, employed over a thousand hands, but from

various causes, chief amongst them being the stagnation in the metal market, the mine has for some time been only able to about pay its way, and the number of hands is now reduced to six hundred. These wholesale discharges are seriously affecting the tradespeople of the district, who depend for their living to a great extent upon the mining industry, and it is feared that the worst has not yet been seen, as the outlook is the reverse of promising. The price of both tin and copper is lower now than it has been for a great number of years.

From the "Echo," November 1st, 1884:—

DEPRESSION IN SOUTH WALES.

With the opening of the month of November, South Wales and Monmouthshire enter upon a period of considerable depression. Notices are about to expire which will effect at least 10,000 persons directly and indirectly. A recurrence of the distress which occurred in the great hill district six years ago is seriously apprehended.

SHORT TIME.

Notices have been posted in Panmure Jute and Linen Works, Carnoustie, that short time is to be introduced next week. The hours are to be limited to forty per week, the works being closed on Friday and Saturday.

CHAPTER II.

THE AGRICULTURAL, CORN, AND CATTLE TRADE.

THE Agricultural interest is said to represent about one-tenth of the trade of the country. Mr. Chaplin asserted in the House of Commons, that 2,700,000,000 of money was credited to agriculture, and the population dependent upon it could not be computed at less than ten to twelve millions of people.

A succession of bad harvests has mulcted the agricultural interest of over twenty millions a year. But this loss does not account for the present position of the farmers, for the last harvest was abundant. A deficient harvest is

a diminution of national wealth to the amount of the deficiency. In fact, corn imported to make good the deficiency of an unfavourable season may be regarded as paid for twice over. Although an increased importation of foreign corn prevents the price from rising, it cannot prevent a loss of wealth to the country, for we give the purchase-money to the foreigner, instead of paying it to our own countrymen. It is ominous for the farmers that, despite bad harvests, the price of corn has not proportionately risen to recoup them for the deficiency in quantity. America has intervened with her boundless resources, facilitated by cheapness of transport, and poured in from her granaries sufficient to supplement the deficiency in England, and to keep down prices. The table on following page will explain this.

It is true that, by the price of corn being kept down, the public is benefited to some extent. Yet, it is to be recollected, that depression in one trade causes depression in others. The farmers are becoming impoverished; their operations are curtailed; money does not circulate so freely, and although corn may be cheaper, yet the farmer's loss is brought indirectly home to the public in various ways. "The income and fortunes of all the tradesmen, shopkeepers, men of business, mechanics, and others, as well as those whom they employ, residing in the rural capitals of agricultural counties, are intimately bound up and connected with the prosperity of agriculture."

But even with favourable harvests the farmer cannot compete with American corn. The corn cultivation in England has decreased by half a million of acres in the last five years. There has been a reduction in the wheat area of 10 per cent, and of the yield by 37 per cent.

One million of acres, out of a total of four millions of acres, has gone out of wheat cultivation in England and Wales during the last ten years; and 1,300,000 acres, of

Statement showing Quantities and Values of Imports of Wheat and Wheat Flour into the United Kingdom in each year.

QUANTITIES.					
	1864.	1865.	1866.	1867.	1868.
WHEAT .....cwts.	23,196,714	20,962,963	23,156,329	34,645,569	32,639,768
WHEAT FLOUR ,,	4,512,391	3,904,471	4,972,280	3,592,969	3,093,022
TOTAL ....cwts.	27,709,105	24,867,434	28,128,609	38,238,538	35,732,790
	1869.	1870.	1871.	1872.	1873.
WHEAT .....cwts.	37,695,821	30,901,229	39,389,803	42,127,726	43,863,098
WHEAT FLOUR ,,	5,401,555	4,803,909	3,977,939	4,388,136	6,214,479
TOTAL cwts.	43,097,383	35,705,138	43,367,742	46,515,862	50,077,577
	1874.	1875.	1876.	1877.	1878.
WHEAT .....cwts.	41,627,638	51,876,517	44,454,657	54,269,800	49,906,484
WHEAT FLOUR ,,	6,236,044	6,136,083	5,959,821	7,377,303	7,823,079
TOTAL ....cwts.	47,763,682	58,012,600	50,414,478	61,647,103	57,734,563
	1879.	1880.	1881.	1882.	1883.
WHEAT .....cwts.	59,591,795	55,261,924	57,147,933	64,240,749	64,138,631
WHEAT FLOUR ,,	10,728,252	10,558,312	11,357,381	13,057,403	16,329,312
TOTAL ....cwts.	70,320,047	65,820,236	68,505,314	77,298,152	80,467,943
VALUES.					
	1864.	1865.	1866.	1867.	1868.
WHEAT£	10,674,654	9,775,616	12,983,090	24,985,096	22,069,353
WHEAT FLOUR ...,,	2,832,200	2,622,888	3,796,911	3,519,577	2,832,077
TOTAL£	13,506,854	12,398,504	16,780,001	28,504,673	24,901,430
	1869.	1870.	1871.	1872.	1873.
WHEAT£	19,515,758	16,264,027	23,318,883	26,169,185	28,538,746
WHEAT FLOUR ...,,	3,792,939	3,383,751	3,498,008	4,087,639	5,849,852
TOTAL£	23,308,697	19,647,778	26,816,891	30,256,824	34,388,598
	1874.	1875.	1876.	1877.	1878.
WHEAT£	25,236,932	27,510,469	23,178,011	33,885,437	27,433,444
WHEAT FLOUR ...,,	5,685,076	4,870,257	4,741,515	6,808,982	6,784,197
TOTAL£	30,922,008	32,380,726	27,919,526	40,694,419	34,217,641
	1879.	1880.	1881.	1882.	1883.
WHEAT£	31,468,171	30,621,711	31,531,535	34,259,126	31,454,481
WHEAT FLOUR ...,,	8,501,949	8,706,109	9,205,219	10,662,439	12,344,778
TOTAL£	39,970,120	39,327,820	40,736,754	44,921,565	43,799,259

which 326,000 acres were in potatoes, have gone out of grain and root cultivation in Ireland during the last twenty years.

The significance of these figures is apparent when we remember that every acre of wheat grows eight times the amount of human food that an acre of grass does, and employs three times as much labour, and that arable farming will rear and fat three times the number of beasts, and fat them in a year's less time than simple grazing. Mr. Bright says that the agricultural class have lost £200,000,000 in five years.

And the advice one of our greatest statesmen has to offer the farmers is—that they should turn their attention to jam!

Next to the corn trade the cattle trade may be considered the most important to the agriculturist; foreign competition is, however, placing the English farmer at a disadvantage.

The following extract from the "Times" of December 5th, 1843, will show the commencement of the import cattle trade:—

Smithfield Market, Monday, Dec. 5th, 1843.

The effects of the new tariff are beginning to show themselves more and more; the places of exports have increased both in number and distance. Until to-day the foreign cattle imported into England has been entirely confined to the Continent, but now it will be found that the most distant shores have contributed to the market. The number so received, however, is on the smallest scale, yet not the less interesting as coming from Lower Canada and from the East Indies. The official account on which the duty has been paid for the week ending the 3rd inst. gives the following result:—3 cows from Rotterdam; 1 ditto from Quebec; 1 ditto from Montreal; 1 ditto from St. John's, New Brunswick; 1 bull from Calcutta—making a total of seven head.

In 1875, 299 cattle; in 1876, 380 cattle; in 1877, 11,523 were imported from America; and in 1879, '80, '81, '82, '83 the total foreign importation of cattle rose to 126,440, 170,366, 140,124, 157,476, and 163,800 respectively.

From this it will be seen how the import cattle trade

has increased by leaps and bounds. The farmer has to struggle against the advantage that America possesses in her boundless prairies, where many cattle breeders own 75,000 head of cattle, costing them but £1. 5s. per head to breed and raise, and which can be landed in England at an average freight of £2. 10s. or £3 per head.

Australia and New Zealand are also supplying our markets with dead meat.

The table opposite will give an idea of the increase in the value of imports as regards cattle, corn, dead meat and provisions, &c., from 1859 to 1883.

The number of sheep in Great Britain has decreased from 30,314,000 in 1874 to 24,319,768 in 1882, representing a loss of 6,000,000 in eight years. As regards cattle, there were in 1874 6,125,491; and in 1882 but 5,807,491. This great decrease may be attributed to three causes—first, imported and preventable diseases; second, unfavourable seasons; third, depression in agriculture and foreign competition.

CHAPTER III.

THE COTTON AND IRON TRADE.

It is in the memory of many how England obtained her first supremacy in machinery, how hand-loom and spindles gave way to steam, and how this country became the manufactory of cotton goods for the world. The hand-loom of India and elsewhere could not compete with her steam machinery, and England stood unrivalled. She was the first in the market with her inventions. Her engineers were the most renowned and the greatest in the world.

She was enabled to obtain her cotton from other countries,

TABLE E.—*Population* of the United Kingdom and Value of Imports of Live Stock, Corn, Grain, and various kinds of Dead Meat and Provisions in each of the years 1852 to 1883, and proportion per head of Population.*

Years.	Population* of the United Kingdom, estimated at the middle of each Year.	IMPORTS.				
		Live Cattle, Sheep, and Pigs.	Corn, Grain, and Flour.	Dead Meat and Provisions.	Total.	Value per Head of Population
	No.	£	£	£	£	£ s. d.
1859...	28,590,224	1,634,766	18,044,203	4,680,629	24,359,598	0 17 0
'60...	28,778,411	2,117,860	31,676,353	8,076,304	41,870,517	1 9 1
'61...	28,974,362	2,211,969	34,922,095	9,151,078	46,285,142	1 11 11
'62...	29,255,015	1,888,236	37,774,148	10,630,734	50,293,118	1 14 5
'63...	29,433,918	2,655,072	25,956,520	10,841,324	39,452,916	1 6 10
'64...	29,628,578	4,275,322	19,882,181	12,157,010	36,314,513	1 4 6
'65...	29,861,908	6,548,413	20,725,483	12,667,838	39,941,734	1 6 9
'66...	30,076,812	5,839,058	30,049,655	13,483,715	49,372,428	1 12 10
'67...	30,334,999	4,148,382	41,368,349	12,489,331	58,006,062	1 18 3
'68...	30,617,718	2,698,496	49,432,624	13,227,683	55,408,803	1 16 2
'69...	30,913,513	5,299,087	37,351,089	15,189,933	54,840,109	1 17 5
'70...	31,205,444	4,654,905	34,170,221	14,773,712	53,598,838	1 14 4
'71...	31,513,442	5,663,150	42,691,464	16,593,668	64,948,282	2 1 3
'72...	31,835,757	4,394,850	51,228,816	18,604,273	74,227,939	2 6 8
'73...	32,124,598	5,418,584	51,737,811	23,854,967	81,011,362	2 10 5
'74...	32,426,369	5,265,041	51,070,202	25,224,958	81,560,201	2 10 4
'75...	32,749,167	7,326,288	53,086,691	25,880,806	86,293,785	2 12 8
'76...	33,093,439	7,260,119	51,812,438	29,851,647	88,924,204	2 13 9
'77...	33,446,930	6,012,564	63,536,322	30,144,013	99,692,899	2 19 7
'78...	33,799,386	7,453,309	59,064,875	29,478,065	95,996,249	2 16 10
'79...	34,000,000	7,070,892	60,596,389	31,402,080	99,068,851	2 18 3½
'80...	34,468,552	10,239,295	62,857,269	38,744,593	111,841,157	3 4 11
'81...	34,929,679	8,525,256	60,856,768	35,760,286	105,142,310	3 0 2
'82...	35,289,950	9,271,956	63,539,315	31,992,680	104,808,951	2 19 5
'83...	35,611,816	11,983,754	67,622,367	37,236,612	116,842,000	3 5 7

* Exclusive of the Army and Navy and Merchant Seamen abroad.

generally in her own ships, the freights gave profits to the shipowners, and on the produce arriving at her ports the cotton was sold and worked up into piece goods, &c., whereby thousands of factory hands were fed and clothed, and millions of pounds spent in wages.

A large amount of cotton was re-exported in its manufactured state, and sold in the markets of America, China, India, Burmah, and elsewhere, giving a profit to the manufacturers and shippers, who speedily became "merchant princes." We have not heard so much of these princes of late years. Thus the time of prosperity culminated in Manchester about the American war. But manufacturers, instead of husbanding their resources, spent their quickly-gained profits by increasing their spindles, without reckoning upon the inevitable, which has now come to pass.

In America and India thinking men with capital had watched the progress the cotton trade was making, and it was naturally suggested, why should we send our cotton across the sea to the machinery, and have it returned in piece goods, when we could bring the machinery to the cotton? Consequently year by year mills arose near the cotton-fields. Overseers and managing men, cognisant of the secrets of the trade, were imported from England, with the natural result that cotton of local manufacture competes in India and America with the English manufactured article, *plus* the advantage of being unencumbered with two freights, and other incidental charges, and aided by the fact (particularly in India) that cheap labour is thrown into the scale against the strikes and heavy wages of the Lancashire operatives.

To give some idea of the competition that has arisen against the cotton manufacturers in this country, I may state that in Bombay alone, mills working more than one million spindles have been started since the American war.

The City of Glasgow Bank shareholders were the first to pay, by bitter experience, for the overtrading of the Manchester merchants. Goods were sent out to India and drawn against. As the bills became due they had to be renewed, and this continued until the goods had to be sacrificed at a ruinous loss. It was merely a question of time, as to how long such a state of affairs could last, and it finally culminated in the collapse of firms such as Colley & Co. and of the City of Glasgow Bank. Manufacturers have also weighted their goods with sizing, until confidence in some marks has been destroyed, in the foreign markets. I have been present at the opening of a bale of piece goods in Burmah, and the bystanders were sent into fits of sneezing by the clouds of white dust which emanated from the parcel.

There was exported of British and Irish cotton yarn and twist—

1877.	227,651,000 lbs.,	valued at	£12,192,000 ?
1878.	250,631,000	„ „	13,017,000 ?
1879.	233,770,000	„ „	12,102,000
1880.	215,544,800	„ „	11,901,623
1881.	254,939,900	„ „	13,165,053
1882.	238,254,700	„ „	12,864,711
1883.	264,772,000	„ „	13,509,732

Total value of all cotton manufactures, including lace, hosiery, socks, threads, and other manufactures :—

1877	...	...	£57,035,000
1878	...	...	52,918,000
1879	...	...	51,843,000
1880	...	...	63,662,000
1881	...	...	65,924,000
1882	...	..	62,931,000
1883	...	...	62,936,025

Mr. Smith, M.P. for Liverpool, calculates the cotton industry, which supports three millions of people, has only made five per cent. profit per annum during the last ten years; and this has only been done with a wear and tear to machinery on the part of those managing which cannot continue.

Lord Derby advises those employed in industries, which are not likely soon to revive, to emigrate beyond the seas.

Mr. Chamberlain and Lord Grey advise operatives to give up weak industries and learn new ones.

If we turn our attention to the iron trade, we find that in 1879 the production of iron had fallen below the production of any year since 1870. There was a re-action in 1880-81-82, but prices have since fallen, and a perusal of the reports from all the iron centres will show that never was the iron trade in such a precarious condition as it is at present.

Despite Lord Granville's reply to Earl Dunraven's motion for a Trade inquiry, he himself stated a few weeks previously "that the ironmasters had lost 140 millions of pounds in a few years."

I extract from the Board of Trade Returns the quantities of iron exported from 1877 to 1883, and for the seven months of 1882, 1883, and 1884.

Exports of iron and steel of all descriptions, including wire :—

	Tons.			Price.
1877.	2,346,370	...	...	£20,113,915
1878.	2,296,860	...	...	18,393,240
1879.	2,883,484	...	...	19,417,363
1880.	3,792,993	...	...	28,390,316
1881.	3,820,315	...	...	27,590,908
1882.	4,353,552	...	...	31,598,306
1883.	4,042,308	...	...	28,590,216

Exports for the first seven months of the years 1882, 1883, 1884 :—

	1882.	1883.	1884.
Months ending July 31st .	3,094,745	2,863,006	1,945,498

Our workmen's strikes have greatly assisted Belgium, Germany, and America to compete with us in other trades. Girders are now rolled in Belgium cheaper than we can roll them here, and I have been told that there is a bridge near Middlesbrough made of Belgium iron, while the iron in the new great Birmingham Railway Station is of foreign manufacture. Window-sashes, door-frames, &c., have been made up in Belgium and America for England. In fact, all the internal fittings of houses are now shipped over to England, ready made, at a price much less than the same can be supplied in this country.

Mr. Ashworth, Chairman of the Manchester Chamber of Commerce, in his address, stated that he believed in a widespread industrial conspiracy against England.

Sir John Brown, founder of the Atlas Works at Sheffield, and Chairman of Earle's Shipbuilding Company, Hull, speaking at Sheffield, deplored the restless feeling existing amongst our artisans, and predicted another year of depression in business. He believed England had reached the summit of her prosperity, for he saw in all directions trade leaving the country. Steel plates, which were once a specialty in Sheffield, could now be got from Germany at 10s. to 20s. per ton less than they could be purchased here. He urged the men to co-operate with the masters in winning back our waning trade.

The following is extracted from the "Echo," and gives the prospects of the trade to November, 1884 :—

DEPRESSION IN THE NORTH OF ENGLAND IRON TRADE.—A most marked state of depression in the northern manufactured iron trade is shown by the return of Mr. Waterhouse, made to the Board of Arbitra-

tion yesterday. The production of plates, bars, and angles has fallen off by nearly one-half since October last, through the decline of ship-building, being but 61,649 tons for the two months ending August. The net average price per ton of these leading classes of iron is £5. 3s. 11d., a reduction of 14s. since January last. The return will affect ironworkers' wages, now under consideration.

THE EXPORT OF IRON.

The shipments of iron from the Tees during the past month show a considerable falling off as compared with September and the corresponding month of October of last year. They amount to 86,336 tons, of which 52,902 tons were sent foreign and 33,434 tons coastwise. The principal foreign customer, as usual, was Germany, who took 24,200 tons. This is the largest quantity they have taken for a considerable time. No iron was shipped to America during the month.

The report extracted from the Statistical Society's Journal for the year 1883 is summarised below:—

The year 1883 has been a disappointing one in business. Writing a year ago we anticipated a considerable amount of dulness, &c. We were at the same time inclined to anticipate the possibility of some revival, &c. What has now to be recorded is that the dulness has continued all the year, and that the prospect was less favourable at the end of 1883 than at the beginning, &c. &c. Merchants and employers of labour among the capitalists will hardly regard the year as favourable. The common complaint has been that with a large volume of business the rate of profit has been low. The state of the Stock Markets also shows that there have been no surplus profits available for investment, &c. &c.

Amongst the signs of declension noticed in the Society's Reports are—

1. The fall of prices in pig iron, from 47s. 6½d. to 43s. per ton.
2. Copper from 65s. and 66s. to 58s.
3. Tin from 98s.—97s. to 95s.—96s. Lead from £13. 12s. 6d. to £12. 7s. 6d.

4. Chemicals, with the exception of bleaching powder, sugar, and other articles have fallen in proportion.

Thus, taking prices all round, although a low level had been reached at the beginning of 1883. Yet the tendency during this (1884) year has been to a lower level still. Signs of declension are also to be found in the Bankers' Clearing House returns. The transactions of the Stock Exchange mark dulness and distress. The reports of the iron trades are especially unsatisfactory.

From Glasgow and other shipbuilding centres a most disastrous report is given of the decrease in the shipbuilding trade.

We have difficult times to go through, and all concerned should order their transactions accordingly.

The "Daily Telegraph," in giving a *résumé* of the silk trade, states, "that for years it has been gradually but steadily on the decline, and at no period has its condition been more gloomy and unpromising than at present."

With regard to sugar, a more depressing time never was witnessed. Merchants of well-known caution, waiting, as they thought, until prices had reached their lowest possible level, purchased cargoes, and found that the depths of depression had not yet been sounded.

During the last few years twenty large sugar refineries in Glasgow, Bristol, and London have been compelled to close, and some capitalists have been ruined. One firm in Bristol, fifteen years ago, was supposed to be worth between four and five millions. It was a firm whose members were noble specimens of British employers, who not only had a regard for their own workpeople, but for the town and neighbourhood in which they lived, and had spent in Bristol and neighbourhood £250,000 in erecting schools

and churches, hospitals, and other institutions of philanthropy. This firm has been forced into liquidation.

Another firm, for many years in Manchester, and which was the only sugar refinery there, is also ruined.

There is the same lugubrious cry raised from the watch-makers, furniture-makers, gun-makers, toy manufacturers—in fact, universal despondency greets the inquirer everywhere.

CHAPTER IV.

ENGLAND AS IT WAS, AND ENGLAND AS IT IS.

ASSUMING that the trade of the country is languishing, as the before-mentioned reports and statistics assert, this question arises: Has the trade and commerce of the nation entered upon such a phase that a permanent abatement of our commercial prosperity may be fairly expected? Do the facts of the past warrant our drawing gloomy inferences for the future?

To comprehend the present situation it will be necessary to glance back forty or fifty years in order to trace the unparalleled rise and progress of this country. To take, as it were, a bird's-eye view of the immense "leaps and bounds" made by trade and commerce during that time. Any middle-aged reader need but appeal to his own recollection to recognise at once the important changes that have taken place between then and now.

Then, there was but one railway. Stage-coaches were in their prime. The wires that "hung Tawell" had not been thought of. Gas was looked upon with doubt and

dread. The long rushlight glimmered in uninterrupted sway. Horn lanterns were in common use, and flint and steel was the ordinary mode of producing fire.

Now railways intersect the country in all directions. Telegraph wires flash news from one end of the world to the other. The telephone is universally used. Electricity is applied to lighting, and threatens to supersede gas. The old sailing ships are fast being swept off the seas by steamers. Wooden ships have given place to iron ones, and a corresponding progress has ensued in our luxuries, arts, and civilisation. Our trade and commerce has increased from 51 millions of exports and 67 millions of imports in 1840—equalling 118 millions of total trade—to 373 $\frac{3}{4}$ millions of imports and 358 millions of exports, making a total of 655 millions of trade (not including bullion) in 1875. Our population is now increasing at the rate of 7,000 per week; and all this in twice twenty years!

From 1875 to 1883 our import and export trade, in millions, was as follows:—

	TOTAL IMPORTS.		EXPORTS.		TOTAL TRADE.	
			British	Foreign and Colonial.		
1875.	373	...	223	...	58	655
1876.	375	...	200	...	56	631
1877.	394	...	198	...	53	646
1878.	368	...	192	...	52	614
1879.	362	...	191	...	57	611
1880.	411	...	223	...	63	697
1881.	397	...	234	...	63	694
1882.	413	...	241	...	65	719
1883.	426	...	239	...	65	732

Fractions of millions are not included in the above table.

The statistics of the Board of Trade show that, with the exception of the years 1871, 1872, and 1873, we had, up to

1879, in the last eighteen years imported goods to the value of £322,000,000 over those exported. Out of this amount, £231,000,000 represent the excess on the four years of 1875, 1876, 1877, and 1878 alone.

Ninety-two per cent. of our exports consist of manufactured goods, and only 8 per cent. of raw produce, of which two-thirds consist of coal, coke, and iron.

Mr. Giffen states that the exports of British and Irish produce show a falling off in total value, between 1873 and 1877, of about 22 per cent. ; and between 1873 and 1879 of 25 per cent. ; and their value is still decreasing.

The above tables demonstrate that although our population has been increasing, our trade has not increased in proportion, and where it has expanded in bulk it has diminished in actual profits.

The average decline of price in our exports may be taken at about 23 per cent. Mr. Mongredien, in his able treatise on Free Trade, written in 1879, says : " He arrives at the conclusion that since 1861 the average price of commodities (*after rising for some years*) has again fallen, and is now $22\frac{1}{2}$ per cent. below the average of that year, and $30\frac{1}{2}$ per cent. below the high figure which it had reached in 1872.

Mr. Giffen, in his paper read before the Statistical Society on the 21st January, 1879, calculated that the average fall of prices was then about 24 per cent., as deduced from the declared quantities and values in each year from 1861 to 1877, and that prices in 1879 were at a much lower level than they were after the depression of 1865. This level has become lower still.

Our manufacturers and traders are producing the same amount of goods with their profits diminished at the rate of 23 per cent. It has been to meet this loss that wages have been lowered ; but taking into consideration all the circumstances of cheapened raw material, wages, &c., there is no doubt but that our trade is now carried on at a

seriously decreased margin for profit, and in many instances at a positive loss.

Besides the fall in the actual selling price of our goods so exported, an ominous feature presents itself in the fact, that the returns show a decrease in our exports disproportionate to the increase in our imports.

We exported or exchanged, in 1873, 311 millions; in 1874, 297 millions, respectively. In these two most prosperous years, when our profits were 23 per cent. more than they are now, we imported but 371 and 370 millions respectively. In 1881, 1882, and 1883 we sold or exchanged of *actual British produce* but 234, 241, and 239 millions; while at the same time we imported 397, 413, and 425 millions respectively.

I am assessing the diminution of profits within Mr. Giffen's valuation. I am also cognisant of the fact that our export tables do not show the real value of the articles at the place of sale, or foreign market, for they do not include the rates for freights, commission, and other incidental charges, while our import tables give the values of goods in this country.

I do not agree with those who argue that the mere fact of England exporting less—as she imports the more—is of itself evidence of her decreasing prosperity. For it may be that her exports may enable her to purchase, in their place, goods from abroad of greater value. So that the imports may really represent naught but the selling price of her exports, but investigation shows that such is not the case.

Again statistics, however useful they may be as guides, are not infallible. It is to be recollected that the filling up of the values of export on which no duty is paid is left to junior clerks, who too often carelessly perform their task, and give imaginary or approximate, rather than real values, and “salted” invoices in the same manner may give a deceptive value. These form important elements for

consideration when testing the value of the Board of Trade Returns. In these export statistics the freight earned by British ships is not taken into account, and as three-fourths of the carrying trade is in the hands of the British shipowners, the profits derived therefrom must go into their pockets. In considering therefore the trade of the empire, it is important to take this element into consideration.

To illustrate my argument by example, let us suppose that a merchant exports a 100 tons of piece goods; they arrive at their foreign port with a value enhanced by the freight and shipping charges, and if they be sold at a profit, and the money remitted in goods as usual, the goods thus imported would represent the selling price of the goods in England, *plus* the freight and charges out, *plus* the freight and charges home again, and *plus* the profits. The merchant may for his 100 tons of piece goods, valued in the exports at £6,000, have obtained 160 tons of another article, which might appear in the import tables as valued at £20,000. If such were always the case, there might be no cause for anxiety; for the larger the merchant's profits from his exports, the larger would appear the value of the goods imported in return. But as a fact the competition of other nations, and our own home competition, have cut down profits to such an extent that goods exported from England are often sold at a loss. Our export trade does not balance our import trade. The telegraph and all increased facilities of communication, and also the accommodation offered by competing banks, have tended to diminish profits.

Taking three septennial periods we find the following results:—

	Exports.	Imports.
From 1862 to 1868 ...	1,886,000,000 ...	1,487,000,000
„ 1869 „ 1875 ...	2,400,000,000 ...	1,969,000,000
„ 1876 „ 1882 ...	1,723,000,000 ...	1,894,000,000

Showing an average of excess imports, as follows :—

First period ...	57,000,000 per annum.
Second „ ...	62,000,000 „ „
Third „ ...	119,000,000 „ „

It is to be recollected that our profits have fallen over 23 per cent.

It is absurd to suppose that the difference between our exports and imports can be wholly accounted for by any or all of the above causes combined. Another and very important element for calculation in estimating the excess imports over exports is—that the interest of our capital, and also the principal, invested abroad is remitted in goods and not in money. There is a senseless competition on the part of our merchants, who continue to buy produce at prices beyond what they are likely to realise here. This competition tends to stimulate production abroad far in excess of the legitimate requirements of commerce.

But dividends on foreign loans must be brought home somehow. Some fraction may be paid in money, but goods are the general medium for payment. The glut of our import market greatly arises from the necessity of getting these remittances home. This accounts for the cheapness of commodities. But such cheapness is paid for out of the pockets of capitalists, who are forced to glut the markets thus from sheer necessity. It is a mere question of time as to how long this unhealthy trade or exchange can last.

The following Table gives the amount of gold and silver imported between 1874 and 1884 in millions :—

	Gold imported.	Silver imported.	Total Gold and Silver.	Gold exported.	Silver exported.	Total Gold and Silver.
1874...	18	12	30	10	12	22
1875...	23	10	33	18	8	26
1876...	23	13	36	16	12	28
1877...	15	21	36	20	19	39
1878...	20	11	31	14	11	25
1879...	13	10	23	17	11	28
1880...	9	6	15	11	7	18
1881...	9	6	15	15	7	22
1882...	14	9	23	12	8	20
TOTAL	144	98	242	133	915	228

It appears from the above table that latterly our imports of gold and silver have much decreased, while the amount of bullion leaving the country has not decreased in the same proportion.

In the years 1875, 1876, 1877, and 1878 our imports of gold amounted to 81 millions, and of silver to 55 millions. Our exports during the same period amounted to 70 millions of gold and 50 millions of silver, which left a balance in favour of the country to the extent of 16 millions.

In the following four years of 1879, 1880, 1881, and 1882 the gold imported amounted to 45 millions against 81 millions in the former period. The silver imported amounted to 31 millions against 50 millions in the former period; that is to say, there was a decrease in the imports of bullion of 60 millions as compared with the former period of four years. Our gold exported during the latter four years was 55 millions, and silver exported 33 millions, or a total of 88 millions of exported bullion to 76 millions imported. This leaves a balance against the country of

12 millions for the last four years, as against a balance in our favour of 16 millions in the former four years.

A decrease of profits and a limping trade seem the concomitant of this exodus of bullion from the country.

CHAPTER V.

THE CAUSES THAT LED TO THE "LEAPS AND BOUNDS" OF OUR COMMERCIAL PROSPERITY—THE FALL IN THE VALUE OF LAND—RAILWAY STATISTICS—PAUPERISM—EMIGRATION.

IN a former chapter I attempted to show the difference between the state of this country as it was forty or fifty years ago, and as it is now. The sudden "leaps and bounds" characteristic of our trade to 1874 and 1875 appear to have given way to limps and halts from that period.

The principal causes which led to these "leaps and bounds" may be shortly summarised as hereunder. The causes of stagnation are not so patent, and a serious question is involved, as to whether there is a prospect of that stagnation becoming permanent.

Anglo-Saxon energy has always been a well-known attribute of the nation. Setting that aside, as a constant and usual factor, our progress in the last fifty years may be assigned—

Firstly : To the happy discovery of the power of steam, and its after application to manufacturing machinery and locomotion.

Secondly : To the discovery of gold in Australia.

Thirdly : To the opportunities given for pushing our trade while our neighbours were engaged in wars.

Fourthly: The fortunate substitution of iron for wood in shipbuilding.

To Watt and Stephenson the major portion of our success may be attributed. It was in this country that steam was first utilised.

In 1830 there was but one railway. Locomotives were in their infancy; but no sooner had they come into use in England than from other nations there arose a demand for them. As the English were the first inventors, other nations naturally looked to England to supply them with locomotives, rails, and all the other appliances and plant for railways. Unexampled activity reigned in the workshops of the North. The continuous clang of the hammer re-echoed in the yards. Engines, carriages, and rails were manufactured in British workshops by British hands; British capitalists supplied the material and turned over enormous profits. Not only was the manufactured material exported to all parts of the world, but with it went our Civil Engineers (members of a profession which the exigency of the times had lately created) to prepare the permanent way and lay the lines on which English locomotives might travel, guided by English drivers.

Having obtained the first market, England held her own for some years. Those engaged in the iron and coal trade, and in the different manufacturing trades, amassed enormous fortunes. The cotton trade profited; mills which were formerly worked by hand were now worked by steam; spindles were increased by thousands; new mills were started; spinners were enabled to obtain their cotton from America, spin it here, and re-ship it, underselling all other nations, notwithstanding the disadvantage incurred by the material being encumbered with the double freight and the accompanying incidental charges.

Piece goods manufactured from cotton imported from America and India could be sold in Indian markets at a

less sum than it would cost the native to weave the same from his own produce at his own door.

Five and twenty years ago Manchester cotton princes usurped the place formerly held by returned "Indian Nabobs." Money poured into the country; land, houses, horses, and agricultural produce rose proportionately; and even the farmers participated in the good times. Work was plentiful and wages good for the lower and working class.

The discovery of gold in Australia poured specie into our banks, and gave an impetus to our trade with that colony, while it drew from our shores a large number of unthrifty and restless citizens.

The American war swept from the ocean the American shipping, which had been yearly increasing, and gave us the monopoly of the carrying trade of the world, while it also stopped all manufacture in America and forced the Americans to buy largely in our markets.

The fortunate substitution of iron for wood in ship-building must not be omitted. Formerly the American, by his bountiful supply of cheap wood, was enabled to undersell us in building wooden ships, but since wooden ships were superseded by iron, we have been able to beat the Americans out of the market.

Then there came the Franco-German war, which also benefited our trades, and many a wholesale shoemaker and harness-maker dates his accession to wealth from the orders received at that time.

In our colonies, dependencies, and in most Eastern countries, trade had been profitable to Englishmen, and many a Briton, who had dared the ills of a sultry climate, returned to spend his large earnings in his mother country, and assisted to fill those large houses which have sprung up within the last thirty years in the great metropolis of the world. A happy combination of circumstances united

to place this nation upon the pinnacle of wealth and prosperity. But the sudden acquisition of wealth in the period remarked upon raised up a moneyed class which owed its position solely to wealth; this caused a revolution in the upper social stratum of the country, and gave a fictitious value to property and articles of luxury. That line of demarcation, which before marked the difference between the landed aristocracy and the trader, was obliterated. The "nouveaux riches" could buy up twenty times over the majority of the old aristocracy and "county families." Millionaires, anxious to obtain a status in their county, purchased country seats or land whereon to build them at fabulous prices; thus an impetus was given to the value of land. It would be interesting to note the changes of ownership in the residential estates which have taken place within the last thirty years, and the rise in their prices; more particularly in the vicinity of large towns, a vast number of such properties have changed owners within that period, and the names of the former proprietors are now only to be traced on the mouldering tombs and monuments in the neighbouring churches. Formerly the profits on land represented the largest profits made, afterwards the profits on iron, cotton, coal, and other manufactures surpassed the wealth of the old landed aristocracy. The following extract from the "Echo" of Nov. 1st, 1884, will show that fabulous prices for land are now "no more":—

From the "Echo," November 1st, 1884.

The depreciation in the value of landed estates has seldom been so accentuated as it was by the sale of the Yaxley Hall estate, a Suffolk property, of 378 acres, last week. The property consists of two farms and a mansion-house in a small park, and is of the rental value of £800 a year. A few years ago, the "Land Agents' Record" informs us, £21,000 was refused for the property. The bidding the other day was started at £6,000, and the estate was actually sold for £7,600, "to the great astonishment of all present."

A few years ago land in the immediate neighbourhood of this estate was selling for £60 an acre. This Suffolk property only realised £20 an acre, or no more than is sometimes paid for cultivated land in California. The "Record" suggests that when owners mean to sell at a low figure, they should advertise it an upset price, as people would then take trouble to inspect the property and attend the auction.

About the same time a farm of 252 acres in Cambridgeshire was being disposed of. In 1874 it was purchased for £17,000, but now the bidding commenced at £7,000, and the auctioneer considered himself fortunate to reach £11,000. Unsuccessful attempts were made during the week to sell the Bosworth Park Estate in Leicestershire, worth £6,000 a year, the Prinknash Park Estate in Gloucestershire, and the Moor Park Estate of 1,228 acres in Hertfordshire. It is next door to an impossibility now to get a purchaser for a large estate.

The rise and fall in the price of land and of house rent forms a sure standard by which to gauge the prosperity of the times.

Whenever times are prosperous the hunger for land sets in. The rich tradesman looks out for an estate to purchase, or for some snug place whereon to settle his family; or he buys a farm that he may employ his leisure and dissipate his profits in the expensive luxury of pleasure farming. Now estates are a drug in the market, and even building societies are struggling on, unable to make profitable sales of land near large towns. The late Master of the Rolls, famed for his intimate knowledge of trust estates and their value, stated in open Court, when evidence was given regarding the value of some land near London, "that land and houses had fallen 25 per cent. in value." Rents are falling in proportion. The larger houses are also being forsaken for smaller ones with less rents, and builders are beginning to see that their only chance now lies in building houses with rentals ranging from £23 to £80 per annum.

Another criterion of the state of trade may be gathered from the railway travelling statistics. As long as times

are prosperous, first-class passenger traffic increases, and it takes a wrench before a person will change from first class to second, for by so doing he advertises to his fellow-passengers that times are not so well with him. During the prosperous years of 1871, 1872, 1873, and 1874, first-class passenger traffic increased.

The following table shows the position of the first-class passenger traffic on the lines below stated for 1883 :—

Great Northern Railway ...	1,000 decrease.
Great Western Railway ...	6,000 ,,
London and South-Western Railway	44,000 in 1882.
London and South-Western Railway	97,000 in 1883.

On the next page is a table of the South-Eastern Railway, which will be found instructive.

I admit that these reports are subject to some qualification. It may be that improved third-class carriages may have made some difference, as well as the fact that second and third class carriages have been run with the fast trains. But against this is to be placed the fact that on many lines extensions have been opened, which should proportionately increase the traffic of all three classes.

One argument in favour of the prosperity of the country has been urged by Mr. Giffen and Mr. Gladstone. The opinions of these gentlemen are worthy of consideration. Mr. Gladstone boasted at Leeds, in 1881, that there had been a diminution in able-bodied pauperism. He said that in 1849 there were 201,000 able-bodied paupers, whereas in 1881 there were only 111,169 of the same class. But if his own statistics are taken, and 1853 compared with 1880, we find, in 1853, 126,220; and in 1880, 126,228 able-bodied paupers.

In 1861 and 1870 able-bodied paupers averaged 30,000

Years ending	1st Class.	2nd Class.	3rd Class.	Total.	Amount.			Season Ticket Amount.		
					£	s	d	£	s	d
31st January, 1865...	1,709,865	3,419,253	9,879,637	15,008,755	807,087	16	7	37,623	2	0
„ „ 1866...	1,761,965	3,572,341	10,807,532	16,141,838	848,676	16	10	41,579	0	4
„ „ 1867...	1,797,993	3,616,564	11,709,593	17,124,150	855,037	17	3	47,508	12	10
„ „ 1868...	2,085,452	3,743,105	14,115,992	19,944,549	970,740	10	2	58,690	9	11
„ „ 1869...	1,932,163	3,618,459	13,996,030	19,546,652	1,002,371	14	7	69,685	11	9
„ „ 1870...	1,914,521	3,381,277	13,861,407	19,157,205	1,023,244	15	9	79,016	19	11
„ „ 1871...	1,953,981	3,192,708	14,066,028	19,212,717	981,008	18	4	83,511	2	3
31st December 1871... (12 months).	2,094,088	3,198,795	14,667,593	19,960,476	1,056,813	1	11	91,882	5	9
„ „ 1872...	2,147,957	3,140,488	15,295,951	20,584,396	1,132,319	8	4	101,857	16	9
„ „ 1873...	2,166,680	3,144,290	16,538,591	21,849,561	1,163,236	17	2	112,016	1	5
„ „ 1874...	2,206,463	3,056,180	17,466,376	22,729,019	1,213,768	8	3	116,543	6	8
„ „ 1875...	2,213,340	2,860,155	18,291,367	23,364,862	1,252,842	14	0	124,107	14	3
„ „ 1876...	2,106,058	2,624,854	18,901,224	23,632,136	1,233,696	3	7	127,525	16	10
„ „ 1877...	2,011,155	2,752,740	19,067,313	23,831,208	1,235,728	12	4	130,469	15	10
„ „ 1878...	1,959,612	2,757,052	20,278,474	24,995,138	1,297,450	17	2	133,796	8	9
„ „ 1879...	1,755,558	2,704,265	19,894,124	24,353,947	1,217,937	8	4	127,605	19	11
„ „ 1880...	1,758,461	2,698,901	21,394,555	25,851,917	1,271,901	5	3	133,812	8	7
„ „ 1881...	1,666,246	2,702,933	21,563,833	25,933,012	1,265,806	6	2	139,112	4	5
„ „ 1882...	1,550,217	2,939,706	21,921,546	26,411,469	1,303,907	0	11	145,840	13	2
„ „ 1883...	1,462,602	2,989,474	21,410,240	25,862,316	1,304,447	0	8	147,067	4	5

in excess of those in 1849-1860, and in 1863 able-bodied paupers numbered 253,490, which is 50,000 more than in 1849, and 100,000 more than in intervening years. But these tables are a deceptive guide, for it must be borne in mind that the new system of Poor Law relief, and especially the "House Test," came into operation in 1868-69. Since then outdoor relief has been diminished, and thousands have been struck off the roll, who used to eke out a winter living by parish aid.

It is also a singular fact and to be noticed while studying the tables of pauperism, that during and immediately after the most prosperous years, able-bodied pauperism increased, while during years of depression it decreased. Taking the Returns: 1871 to 1875 were the most prosperous years, and pauperism averaged about 140,164 per annum; the years from 1876 to 1880 were the most depressed, and yet pauperism decreased to 106,592 per annum.

This apparent anomaly can only be explained by reference to the emigration tables. When times are prosperous, men hang on in the country, eking out a living and buoyed up with the hope of work, and they do not emigrate until times get harder, when they leave these shores. Every figure in the pauperism tables shows the effect of emigration.

For the six years before 1849 there was an average emigration, and paupers averaged 142,935 per annum, But in that year they rose to 201,000. During the six following years emigration increased to 323,074 per annum, and able-bodied paupers fell to 155,000 and 144,000 per annum.

CHAPTER VI.

"FREE TRADE."

IN commenting upon the rapid rise and progress of this country in trade and civilisation, I purposely omitted any mention of Free Trade, for I consider that, except as regards its influence on the price of corn, Free Trade was not such an important factor in our prosperity as the Cobden Club would have us to imagine. If it were, how comes it that the country is suffering now?

I am a disciple of Cobden, but he contended that Free Trade should be universal. He held out as an inducement that if England set the example, all the world would in a few years follow her lead. The protective policy so rigorously enforced by other nations to this day is a refutation of his hopes.

But while I do not believe that Free Trade was the sole cause of prosperity, I do not attribute to it the whole of our present depression.

Some may ask: "Is there any depression? Is not the cry of 'Wolf! Wolf!' raised without cause? Is not this cry a mere Conservative bugbear?"

It is becoming a great curse to this country that there is a growing tendency for men to become politicians before they are Englishmen. The worst vices of the American platform appear to be permeating our political atmosphere; every action is viewed but through the tint of party spectacles. May the time arrive when a third party may be evolved out of the moderate thinking men of both parties, whose aim might be—patriotism first, party afterwards!

The state of our trade and commerce is a question that

concerns every subject. The time has come for an unbiassed inquiry—for a careful diagnosis—before an attempt is made to find a remedy. But let it be removed from party faction.

If the cry of “Wolf! Wolf!” be raised without reason, inquiry will soon elucidate the hollowness of the scare. But are we warranted in believing that the cry of “Wolf! Wolf!” is raised without a cause?

Has there been a cessation of our onward commercial prosperity, or is there such a retrogression as would tend to give us ground for anxiety?

It is said that every article is so cheap that the nation must be prosperous.

Universal cheapness of commodities does not of itself demonstrate prosperity.

Cheapness may favour the consumer. But unless the consumer has money wherewith to buy the article, this cheapness is no benefit to him. He must get money wherewith to purchase. The majority must produce before they can consume.

It is hardly necessary to suggest that a bootmaker would prefer to sell a pair of boots for a sovereign, and pay a higher price for his bread and meat, than to pay a lower sum for the same articles, and sell his boots at more than a proportionately less price.

Are we, as a nation, at present in the latter predicament?

To those who do not produce anything, but who derive their income from money invested in the funds, cheapness of commodity is a great benefit.

But the majority must produce to enable them to obtain the wherewithal to purchase articles for consumption.

To them, therefore, the price of the article they may produce is of vital importance, and consequently the producers are grumbling against Free Trade.

Should an inquiry into our trade be granted, it will

become a question whether an attempt might not be made to protect manufactured articles. In fact, to follow out the suggestion of the President of the American Republic as to the admission of raw material free and the taxation of manufactured imports.

A Parliamentary inquiry would bring the question to a crisis, and an attempt might be made to pass a short Act as a tentative measure, imposing a duty upon imported manufactured articles of luxury. This Act to be in force for one year only.

CHAPTER VII.

THE CAUSES OF A LANGUISHING TRADE.

AN explanation of the cause of trade languishing has been attempted by the "Times," and to bad harvests the major portion of the trouble is attributed. The following extracts are taken from the article:—

With the exception of the metallurgical and a few other trades, all industry may be said to consist in the employment of labour in giving new form to the produce of the soil. When, therefore, that produce becomes scanty for a succession of years, the whole industrial community must suffer. Furthermore, the great trades which consist in working up the raw material produced from the soil also suffer, as the material of the industry is deficient. Taking Europe generally, the agricultural classes greatly outnumber all other producers; and when they suffer the whole community is necessarily affected, and the losses of each country act and react upon all the rest. Nor is it only from a deficiency of crops that Europe has suffered. It has also been visited by cattle disease, which has inflicted upon it severe losses. That this agricultural depression is the chief cause of the unsatisfactory condition of trade is proved by the contrast presented by the United States.

There there has been a succession of magnificent harvests, and, *consequently, there has been almost unprecedented prosperity*. And it was the failure of one single American harvest in 1881 that was the beginning of the reaction from which we are now suffering. But though this is the chief cause, it is assisted by several others. First among these latter is the resurgence of the protectionist heresy. All over the world one great State after another has raised its customs duties, has thereby restricted its dealings with other States, and by so doing has diminished the business of all. Take, for example, the United States. In the years of inflation that ended in 1873 the United States obtained the greater part of their iron for railway building in this country, thus giving employment to much British labour and capital. But in the extension of railways that has taken place during the past four years the United States have, comparatively speaking, bought scarcely any of our iron. The prohibitive duties they have imposed have called into being a great iron and steel industry, which is now capable of almost supplying the most extravagant demands of the home market. What has been done by the United States in this case has been done, in a greater or less degree, by most European countries. Russia, for example, is to a large extent now independent of our markets. It is not only independent foreign States that have thus acted; our own colonies have gone in the same path.

These are the more general causes of the existing depression. There are more temporary causes. When France recovered from the disasters of the war, the recuperative energy she displayed filled her people with so much exultation that they rushed into all kinds of wild speculations. Insurance companies, banks, and credit companies of all kinds were started in excess, and when practical schemes were exhausted all sorts of irrational schemes were brought forward, until the famous "pills against the earthquake" were almost equalled. The result we all remember in the collapse of the Union Général and the panic in Paris and Lyons. The panic caused a great fall in the prices of all stocks dealt in upon the Paris Bourse, and therefore inflicted great losses, not only upon French people, but upon speculators throughout Europe generally. The Arabi mutiny in Egypt led to another panic in Egyptian stocks, and caused, likewise, considerable losses. And since then there has been a protracted crisis in the American railway market. In consequence of all these events there has been a complete collapse of speculation throughout the world. But a collapse of speculation, so far as trade is concerned, means that it is next to impossible to obtain money for new ventures.

In the above article the "Times" admits that America was prosperous, but attributes our depression partly to the protection enforced against us. But even the "Times" is an authority for the assertion "that under Protection America has prospered." Under Free Trade Great Britain languishes. The unprecedented "leaps and bounds" that Great Britain made but a few years since have eventually proved rather a curse than a blessing. It has stimulated an unhealthy inflation. Many have speedily grown rich. Easily-earned money has been spent in ostentation and luxury, and the rising generation has become imbued with ideas of extravagance derived from the example set by their fathers!

This sudden uplifting of the middle class brings with it many evils—inordinate pride, extravagance amongst the women, ostentation, and want of thrift.

The nation has become inflated by prosperity. The pendulum is now swinging back, and the upper and middle classes especially will have to revert to the more simple and unpretentious mode of living practised by a former generation.

The various exhibitions which have been held in this country since 1851—apparently beneficial—have, however, in no small degree injured our manufacturing industries. For foreigners have, by means of those exhibitions, become thoroughly acquainted with all the latest inventions and improvements in machinery, and in the manufacture of those special articles, for which England once enjoyed a monopoly.

Owing their origin to a few Government officials, who were actuated by the desire to obtain goods cheaper than at ordinary shops, Co-operative Stores have now developed to such an extent as to seriously affect the earnings of retail tradesmen throughout the kingdom, and to reduce their annual profits by hundreds of thousands.

The ordinary shopkeeper cannot be expected to sell some of his goods quite so cheaply as the Stores. He has his heavy rent, rates, and taxes to pay. But if he knows his business well, he will be able to select his stock with better judgment than the underlings of those overgrown and impersonal establishments. It ought also to be borne in mind that the tradesman, unlike these Stores, consults the convenience of his customers by calling for orders and promptly delivering his goods.

Ladies, who would resent the slightest appearance of incivility at a tradesman's shop, allow themselves to be hustled about at the Stores and to be subjected to off-hand treatment of which no tradesman's assistant would dare to be guilty. Another drawback to these large establishments lies in the fact that they loosen the homogeneity of the nation. It is another shackle unriveted in the chain of sympathy which should bind the body politic. It also lessens that community of interest that should exist between the upper and middle and the trading classes, and further tends to increase the selfishness of the former, while it militates against the prosperity of the latter.

Workmen's strikes have also tended to drive trade away. It was but just, that when the iron and other trades were prosperous, the artisans should share in the general gain. Nor can any one object to the principle of "Trade Unions." But they have caused strained relations between employers and employed. Both masters and men have made mistakes. The masters should have given concessions to the men before they were demanded by the Unions, and the men should not have struck when important jobs were on hand, thereby driving contracts into the hands of foreign firms.

The general improvement in education, while it has enlarged the intelligence of the masses, has tended to increase their ambition. The washerwoman's daughter

must now learn the piano, and drop washing for some "genteeler" employment. In Eastern countries the son is content to jog on as his father did before him, happy if he have food and clothing and a mud hut to shelter his family. But in England the father gives his son a better education than he enjoyed himself. The son starts with a desire to make money, and either pushes himself into an overcrowded profession, or else joins that great army which crowds the channel of commerce. Never in the annals of the world's history has there been such a striving, struggling, overworked set of human ants, crowding into the great cities of this empire, ready to eat out the vitals of their fellow-men in the great battle of life as this age presents. We now have a generation whose average life is prolonged by the results of sanitary science, whose aspirations are higher, appreciations of luxury greater, and cold selfishness more intense than ever before experienced. They are merely signs of the times. Careful watchers of the onward progress of events must feel assured that a great change is imminent.

It has been said that money is now remarkably cheap, and that fact is brought forward as an argument in favour of the prosperity of the country. But the very fact of money being cheap shows a lack of profitable and safe commercial investments returning a good percentage. No merchant enters business intending to make but three per cent. on his capital, but when he sees no safe or profitable investment, he is compelled to take three per cent., and Consols run up accordingly. The best criterion of the state of trade is to be found in the attempted conversion of the Three per Cents to $2\frac{3}{4}$ and $2\frac{1}{2}$. Some may say this shows a plethora of money. It is more likely to show that capital has no channels opening out which might offer safe and profitable investments.

During prosperous years a large margin of profit re-

mained to us, and this country, being in fact the mart of the world, was enabled to lend the other nations at interest. This interest had to be brought home annually, and as it was not remitted in money, goods were purchased for sale in England.

This naturally caused a cheapness which now reacts against the capitalist, and annually tends to deplete him of some of his wealth, while it causes a cheapness of imports which will eventually act and react upon the commerce of the country until an equilibrium is restored.

Drink has also to account for a large amount of suffering and depression. But almost as baneful as drink are the imprudent and early marriages now contracted. Instead of keeping themselves continent, young persons rush into matrimony, thinking that the "Lord will provide." They should be more sensible than to suppose that because they desire to gratify their passions, "the Lord" will minister to their wants, when they sin against the laws of prudence, self-denial, and political economy.

It is easier, however, to diagnose an evil than to suggest a remedy. But it is certain that there needs must be greater economy and less ostentation amongst the middle class. The tendency of the Government to extravagant expenditure must be curbed. The money that has of late years been thrown away, in bricks and mortar, for hideous and useless Law Courts, and public buildings, would go far to have helped the country now. The expenses of the Services must be kept down. There should be a progressive income tax. The burthens on the farmers should be reduced. Emigration should be encouraged, and annexation, if forced upon us, be carried out as opportunity occurs, for the trade of England follows the flag. A separate department of the Board of Trade should be formed, and a Minister for Agriculture appointed. An inquiry should also be instituted as to the number of

foreigners trading or working in England, and whether the facilities offered in this country to foreign workmen and traders are reciprocated by the countries from whence those foreigners come. The suggestion as to the taxation of manufactured articles, including flour, and all luxuries, should be well ventilated in a Parliamentary inquiry, and a federation of our whole Colonial Empire, with a representative Council holding its sittings in England, be arranged. There should be universal reciprocal free trade to every part over which the British flag flies, and a further tax put upon property derived by inheritance or by will, and to which the person benefited has not contributed by his own labour.

But, above all, the serious attention of the Government should be directed to the present situation of the country, which may be summed up as follows :—

Extensively engaged in foreign trade, and lately exposed to distress and vicissitudes from distinct and dissimilar sets of causes, Great Britain is suffering from deficient harvest, a diminished demand for finished goods, derangement in the currency, and changes in the accustomed channels of industry. But deeper causes of decline may be slowly, imperceptibly, and fatally at work. Alterations in the leading channels of communication, such as the Suez Canal, foreign inventions, the discovery in other countries of less costly means of obtaining some important material or implement of reproduction, the acquisition by rival States of superior efficacy in the application of labour, and hostile combinations in the shape of protection. These causes may now, as formerly, lead to those revolutions in the commercial world, those subversions of industrial centres, of which Carthage, Venice, the Italian Cities, and the Republic of Holland, have been successively the victims.