

THE FAIR TRADE CRY.

A LETTER

TO THE RT. HON.

SIR STAFFORD NORTHCOTE, Bart., M.P.,

(Late Chancellor of the Exchequer).

BY FORTIOR.

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THE FAIR TRADE CRY.

To the RIGHT HONOURABLE SIR STAFFORD NORTHCOTE,
BART., M.P., *Late Chancellor of the Exchequer.*

SIR,

It may be affectation to express regret for the errors of a political opponent, but it is consistent with candour to lament the moral backsliding of a good man. Among a group of politicians whose uprightness has not been conspicuous, you have maintained a reputation for honesty ; a peculiarity which it is especially important for you to preserve, inasmuch as you will never successfully plead a want of clear sight as an excuse for any deviation from established principles. It is with something akin to sorrow, therefore, that your opponents have lately, and for the first time, seen you trifle with a clear conviction for party purposes. No one who either has had the advantage of your private acquaintance, or has watched your public career, can doubt for one moment that you approve alike the axioms of Free Trade and the practical result to which they have led in the conduct of English commerce. No such person doubts that you have at your command every fact and every figure capable of illustrating the present condition of our Home and Foreign Trade, or that you are perfectly competent to apply them. Into the depression of our Manufactures and Agriculture you have probed as deeply and as skilfully as the best of us, and you have accurately gauged its causes and extent. Then why are not your utterances as clear and just as your conclusions? Why lend even that small amount of countenance which is latent under a qualified disapproval, to ignorant outcry, false statement, or fallacious inference? Why not openly disavow

Mr. Eckroyd, and rebuke Mr. Lowther? Of the former you know well that he was elected because he was popular, not because he was a Protectionist; and of the latter especially you are not bound to be tolerant. Lord Beaconsfield's love of parody need not survive in all its minor consequences; and the official importance of the Member for North Lincoln has, I should imagine, ceased with the power of his patron to make political jokes. Even he would scarcely have treated the oratorical expatiations of his Irish Secretary as signs of opinion to be regarded with caution, although of the nonsense involved in them he would have been somewhat less conscious than you are. We know that Lord Beaconsfield loved to govern with the help of what he used to call Scions of Great Houses. In Mr. Lowther he found a person by selecting whom he could at once illustrate that method and indulge his fondness for burlesque. But I do not suppose that you value such assistants, and you certainly do not share your late leader's propensity to amuse himself at the expense of the country. It cannot, therefore, have been delicacy with regard to Mr. Lowther that has caused your reserve. With the fallacies that have lately been aired by others on platforms or in magazines it was your duty, perhaps, to deal more seriously, but surely not less plainly. You are the leader of one of the great Parties. Among the colleagues whom the chances of political life have given to you it is hardly too much to say that no one combines your prudence, capacity, and economical knowledge. Your solitary possession of these qualities has in it something akin to the isolation of England with regard to Free Trade. You are bound to be the Apostle of your convictions, as she is of her theory. How can you palter with yourself, when to do so is to risk the commercial future of your country? You should reflect that chance might make you the principal adviser of the Queen, responsible for the economic action of a Parliamentary majority. If you are not careful now, one or two more bad seasons for our farmers, with a corresponding period of

adversity for two or three other of our great industries, might bring your Party into power upon a cry of Fair Trade at least, if not of Protection. For one moment conceive yourself in such a situation. It would involve your political extinction. You could not take office upon the only possible terms, namely, of carrying into effect the delusion that had placed it within your reach. Men less worthy than yourself would hesitate before taking such a step ; to you it would be absolutely impossible. You may tell me that such a contingency could never arise, that long before matters had got to such a point you would have spoken out. Then why not speak out now ? It is surely easier as well as more creditable to stamp out a heresy at once, than to stand by and allow others to foster it till its spread becomes no less a danger than a scandal.

It is possible that you may not have read the trash into which this subject has been expanded of late. In case this is so, forgive me for making you acquainted with some of it. It is said that the Home and Foreign Trade of England are both declining. That the excess of our Imports over Exports shows the nation to be wasting its wealth, something like a spendthrift whose expenditure exceeds his income, and who lives consciously or unconsciously upon his capital. It is further suggested that the depression in Manufactures and Agriculture could be cured by Import duties, say, of 4s. a quarter upon corn, and 10 per cent. upon all manufactured articles. Also, that something in the nature of a Zollverein should be established between England and her Colonies, the result of which should be that they would all grow rich together by ceasing wholly or in part to rely for their foreign trade upon the outside markets of the world. Follies of detail have been expounded by dozens, but most of them are involved in, or are subsidiary to, those which I have just stated.

Are you aware of all this, or are you not ? Is it possible that it possesses both your cognizance and your sympathy ? As I have said before, I can hardly suppose it ; and had you been absolutely silent, I might have remained silent

too ; but you have spoken, and the tolerant character of your utterances justifies the apprehension under which I address you.

It is altogether untrue, and you know it, that either the Home or Foreign Trade is declining.

As to the Home Trade, it will, of course, fluctuate from time to time with normal variations in the purchasing power of the community, such as may be caused, for instance, by one or more bad harvests, cattle plague, or some other home-bred cause of temporary national impoverishment. Such things occur also in other countries, and affect not only their own trade but ours too. For the loss of purchasing power abroad depresses our Foreign Trade, and a loss in that lowers the demand of those who live by it for our home made commodities. Such oscillations will constantly take place, and their recurrence may come to be predicted with some approach to certainty, if there be anything in the theory of a cycle of seasons, and if the laws that govern it be even approximately ascertained. But you and I, Sir Stafford, know well that in no other sense is the Home Trade of England even temporarily declining. Nor are foreigners taking to supply us. One gentleman, indeed, who seems to have been considered an authority by the editor of *The Nineteenth Century*, simply because he was a Baronet (I wonder whether you have ever been asked for an article by the same editor for the like reason?) has ventured to state, in connection with this subject, that our markets are being flooded with the cheap and worthless productions of other countries. If that were so, our Home Trade would be indeed declining, and one very disastrous result would be, in appearance at least, chargeable to Free Trade. But you and I know that no such process is going on. Out of our total imports of £410,000,000 for the year 1880,—I omit odd figures—only £31,000,000, or something under 8 per cent., represented manufactured articles ; the rest consisted either of articles of food or of raw material. Insignificant as this percentage is, it is not an increasing one, but rather the reverse. Now surely this

flat contradiction to one of the most important and audacious of the premises in the Fair Trade syllogism would be worth making. Could any one at this moment make it with greater effect upon others, or with more honour to himself than you could?

So much for one half of the initial statement which we are examining; now for the other. Is our Foreign Trade diminishing? Are we, as the Manufacturing Protectionists aver, being driven from the markets of the world? We are not; but if we were, in order to justify Protection at home it would still be necessary to show a gradual diminution in our Foreign Trade coincident with a proportionate increase of Protective Duties abroad. It would further be necessary to show that Protection is an antidote to Protection. It is worth while to observe that for years past the Import duties of France, one of our largest customers, have been stereotyped by the Cobden Treaty. Had, therefore, our trade with her been declining of late, the declination would have had to be traced to some other cause than her economical perversity. But with her, as with the world at large, our trade, surveyed over a sufficient period, is seen to be steadily growing. In 1866 the values of our total Exports were, in round figures, £238,000,000; in 1880 they were £286,000,000; a very substantial increase of £48,000,000. I might make the difference £61,000,000, by starting with the year 1868, when the values were only £225,000,000; but the smaller figure carries a refutation of sufficient calibre. I am aware that the values rose from 1868 till they reached £314,000,000 in 1872, £311,000,000 in 1873, and £297,000,000 in 1874. It is observable, however, that from these figures they fell back in 1875 to almost exactly the point from which they had risen in 1871; and that they were again in 1880 pretty much what they were in 1875, having been much lower in the mean time. Therefore, what engineers call the "datum line" of 1875 was that of 1871, but we had passed over a summit between those two years; again, the "datum line" of 1880 was that of 1875, but we had

passed along a depression between these last mentioned years. It might be interesting, and probably it would not be difficult, to account for these two irregularities of trade surface ; but it is obvious that a country which, after going up and down hill, finds herself at as good an altitude as she was at both nine and five years ago, and at a considerably greater height than she was at twelve and fourteen years ago, cannot be said to be making a very rapid or alarming descent. But your Fair-trading friends—and, oh that their own comments were as fair as they propose that the commerce of others should be !—insist that we should contrast the progress of “protected” countries with this decadence of unarmoured England. They do not, however, as the Scotch phrase runs, condescend upon particulars ; we will. The General Exports of France were, in round numbers, in 1868 £149,000,000 ; in 1879 (the last year accessible to me) they were £171,000,000 : an increase of some £22,000,000, or rather more than one third of our £61,000,000 between 1868 and 1880. As to Imports, in 1868 ours were £294,000,000, and in 1880 they were £411,000,000, an increase of £117,000,000. In 1868 the General Imports of France were £170,000,000, in 1879 they were £223,000,000, an increase of £53,000,000, rather less than one-half our increase up to 1880. Now for the German Empire ; in 1872 and 1878, the first and last accessible years, its Exports were £116,000,000 and £144,000,000 respectively, showing an increase of £28,000,000, considerably less than one-half of our £61,000,000. Its General Imports for the same two years were £219,000,000 and £226,000,000, showing an increase of £6,000,000, or something over 5 per cent. only of our £117,000,000. Lastly, the General Exports of America in 1868 were nearly £59,000,000, in 1879 they were £148,000,000, an increase of £89,000,000 against our £61,000,000, of which I will say something more presently. Their General Imports for the same two years were £74,000,000 and £93,000,000, an increase £19,000,000. The exceptional leap in American Exports has been since 1877, corresponding pretty much to the sudden increase in her exports of food and raw material ;

the rest of her industries are not growing as ours grow, and oddly enough, her Agriculture is, from the nature of things, just that one of them all which she is least tempted to protect. Some modifications of these figures would doubtless have to be made if we could compare the returns of these three countries for 1880 with our own for that year. But the main position shown by them would still be retained, namely, that with the exception of America, caused by her corn exports, the expansiveness of Free-trading England, in Exports and Imports alike, is far greater than that of protected countries. Armour-clad Commerce is hidebound.

And here I feel a sudden temptation to ask you, sir, whether you think that such writers as those whom we are thus exposing make their statements from ignorance or of dishonesty? And which is the most dangerous source of error? But, on reflection, we will not waste our time. It is better worth our while to marshal facts than to settle a rivalry between wickedness and stupidity. So to continue. The volume of some of the most important items in our Foreign Trade was never so great as in 1880. In that year our export of Manufactured Cotton Goods rose to 4,500,000,000 yards, the highest point it had ever previously reached having been 3,800,000,000 yards. Our export of Iron and Steel in 1880 was 3,800,000 tons; its highest point having previously been 3,400,000 tons in 1872. Our export of Silk Manufactures has similarly risen from its previous maximum of something over 5,000,000 yards in 1871 to something over 6,000,000 yards in 1880. Of Woollen Manufactures the account is not quite so satisfactory. The Worsted Trade has steadily declined in amount since its apogee in 1872. It is even worse than it was in 1866. In fact that its total for 1880 is a little in advance of that for 1879 is probably no sign of improvement; and we must suppose that some special, and in all probability temporary, cause of depression is working against that branch of the trade. Most other departments of our woollen industries are, on the other hand, at almost the highest point at which they have ever been.

So much for the decadence of our Trade. You will understand, Sir Stafford, that I do not affect to write this as a lecture for your instruction, but as a protest against your reserve. You are allowing your mob orators to run and ramp upon a rotten tub. I might laugh to see them fall in up to their necks, so indeed, as I believe, might you ; but not the less ought you to warn them, for your own honour, which is worth much, rather than for their credit or comfort, which are worth little. I know that the career of a statesman does not involve the office of a Professor of Political Economy ; but still a really great Party Leader would disabuse his followers of fallacies that would land them in disaster and himself in discredit. Were it not for certain possibilities, it would matter little to you or to me that Mr. Eckroyd, Sir E. Sullivan and Mr. Lowther, with other persons of a like calibre, should enunciate the proposition that an annual excess of Imports over Exports is a proof of the gradual impoverishment of the country. We might well rest content in our knowledge that the fact is a sign of our national enrichment. But they call upon our Rulers to act upon the false assumption, and they spur on the people to demand such action. This is the point at which you are bound in honour to step in. It is your followers who are applying the torch of their reckless perversity to the inflammable ignorance of the masses. Knock the dangerous implement out of their hands. Treat them as you would a tramp who would light his pipe with flaming paper among a group of wheat stacks. Need I to remind *you* that all trade is barter, that commodity is only given for commodity, and that the one thing nations do not do is to pay for their Imports in money? Money! Why the world does not contain the money which is represented by the excess of our Imports over our Exports since 1866! It is a sum of £1,200,000,000, or thereabouts. Even if the difference of the last two or three years alone had been paid in bullion, there would not have been left a dandy young banker or stockbroker in the kingdom with a gold pencil case! Moreover, since 1866 we have imported something

approaching to £70,000,000 more of bullion than we have exported ; a trumpery sum, no doubt, and no element in the account which I have just stated ; but a conclusive confutation, if one were needed, of the childish notion that England pays her balances in gold. You know well in what she pays them. It is in the reserves of her past and the result of her contemporary labour. That is to say, in the interest which she receives from investments in Foreign Stocks, in her dividends upon shares in commercial undertakings in foreign countries, in profits which self-expatriated Englishmen make out of businesses which they transact abroad, and lastly, in the enormous receipts from our shipping trade. It is well known that between the years 1870 and 1874 we invested £400,000,000 in Foreign Loans and foreign commercial undertakings. And although this was the great lending epoch, no doubt, we had made similar investments before it, and we have gone on making them since, though, as it may be hoped, more cautiously. It is asserted by statisticians, writing for bankers, and therefore not likely to be immoderate, that the foreign investments of England amount to £1,500,000,000. The estimated annual value of the Carrying Trade I do not happen to know, but it is to be reckoned by tens of millions, and it is one of the two great items out of which the national balance is made good. We are the modern Phœnicians, or to take a lower eponym, the Pickfords of the world ; and one cause of our being so is especially noteworthy. It has been said, erroneously, that the Civil War of Secession destroyed the carrying trade of the United States, and that trade having once found a new channel never reverts to its old bed. This is part of the Cant of Economy. The divertibility of trade is proved by its diversion. The conditions of America made her a carrying nation, and these were temporarily altered to a state incompatible with that character ; she lost it accordingly ; had she reverted to the conditions from which she diverged, she would have regained her trade, if she had desired it. But she did not so revert ; she raised the prices

of manufactured iron and steel to such a point by new Import duties, that in these days of iron ships her builders and owners were paralysed. It is said that it now costs from 25 per cent. to 30 per cent. more to build an iron ship in the United States than it does upon the Clyde. This is the result of Protection, not of Civil War. We actually owe a large portion of the income we earn by our shipping trade to the care and success with which America for our benefit protects herself! But I have digressed from the point before us, which was how the balance between Imports and Exports is made up. It is made up of the liabilities of other nations to us, and which neither they could pay nor we receive in gold. They owe us, as I have said, our interest upon their public loans, our dividends upon their railways, waterworks, gas-works, or what not. The profits of our merchants resident at Archangel, Palermo, Le Havre, Lisbon, Hamburg, and elsewhere, have to be sent home. They despatch to us no worthless bullion, which we should simply have to re-export at once, if we did not want it to become dross upon our hands; but they send us such goods, such necessities and luxuries of life, as it is convenient for us to take; those very imports, in fact, whose magnitude terrifies the unwise, but which are at once the sign and the discharge of their balance of indebtedness, and the measure of our wealth and profitable trading.

It has probably escaped the notice of our economical pessimists that the very same condition of National trade which so terrifies them in the case of their own country, exists in almost all others. In Russia, Norway, Denmark, Holland, Belgium, Germany, Italy, Portugal, the excess of Imports over Exports has existed in a practically unbroken series since 1868. Spain and Austria occasionally, and Egypt constantly, show the reverse condition of trade; but we have never yet had these three countries held up to us as models of economical science or objects of commercial envy. For a few years after her great and disastrous war with Germany the equilibrium of France was disturbed, and from

1872 to 1875 her Exports exceeded her Imports ; but from 1875 she returned to, and remains in, the happier and normal condition of a prosperous and growing country, so far as her backwardness in this very Free Trade philosophy permits her to grow and prosper. The United States were no exception to the rule until 1876, but since 1876 their Exports have exceeded their Imports by some £157,000,000. It is odd that this last period has been partially coincident with a time of severe commercial depression. At all events, I venture to say that this feature in it of the excess of Exports over Imports, was peculiar, and that it will not continue. I will further hazard a conjecture that a portion at least of the difference may have gone in the reduction of their National Debt. They have been paying this off at a great rate, and the repayments may have been expended in exports of food and raw material, for which the growing wealth of the world causes an increased demand, and of which the utilizable lands of America provide the possibility of an illimitable supply. This reduction of their National Debt is the luxury which America at present allows herself. The day will come when she will spend the surplus of the result of her annual labour in Imports instead.

You will not make any man to understand this question, Sir Stafford, until you drive it into his head that Exports indicate the indebtedness of a nation, and Imports what it is owed. In 1880 we wanted £410,000,000 worth of goods from foreign countries ; we imported them ; we should have had by way of payment to export the same amount if we had not been owed a large sum by foreign countries. From the total figure of £410,000,000 we were able to deduct what we were owed, and the result was that we only had to export £286,000,000, and we did so. A curious illustration of the truth of this double proposition is afforded by the fact that the epoch of our great foreign loans was coincident with an abnormal increase in the value and volume of our Exports. The explanation of this is that we had undertaken to find for certain foreign countries £400,000,000.

This contract thereupon became a liability upon our part, in fact a debt due from us to them. Of course we prepared to pay it, and in short, did pay it, by commodities, for which the very money which we were sowing broadcast produced an exceptional demand. Accordingly, up went our Exports, both in volume and in value. I may add that it is the reaction from the abnormal inflation to which the reckless lending of those days led, from which in a great measure certain of our trades are suffering now. Folk thought that the momentary and unnatural pulses of trade which the stimulant of £400,000,000 had engendered, were healthy and would last. They subsided when the forces of the dose were spent, and left idle a vast amount of capital and labour which had been rashly called into action during their continuance.

Let us turn the subject round, Sir Stafford, and say boldly that Imports and Exports are both tests of national progress. Exports manifestly exhibit our power of production, for they are products in excess of home wants. Imports are reciprocally, first, evidence of the value and extent of the industries that are represented by Exports ; and secondly, if they are in excess of the latter, of something behind and beyond them. Such unseen values are interest upon hoarded wealth, which is labour transformed, or some industry, like the carrying trade, which is ancillary to production. Add, therefore, by way of illustration, the Exports of 1866 to the excess of Imports in that year, and you get the values, so far as Foreign Trade will show them, of the industries of England, actual and in reserve, at that time. Do the same sum for 1880, and you will have the materials requisite for gauging our progress or our decline. Now in 1866 the Exports were, in round figures, £239,000,000, and the excess of Imports was £56,000,000 ; it follows that our wealth in that year represented by labour present and past, so far as Foreign Trade can show it, was about £295,000,000. In 1880 our Exports were £286,000,000 and our excess of Imports was £124,000,000 ; so our wealth, represented

by labour present and past to a similar extent, was £410,000,000. This is a difference of about £105,000,000 in our favour. Is this a condition of reduced operations or of flagging vitality, Sir Stafford Northcote?

I know that certain of our industries are carried on with less of profit than formerly to the Capitalist and the Artizan. There was a time when England had well-nigh a monopoly of some manufactures. She traded while other nations were either fighting or dawdling. They are no longer too proud or too idle for handicraft. We can no longer charge what we like to populations who are either beginning to supply themselves, or have competitive sources of supply open to them. We must accustom ourselves to this altered aspect of the outside world, and meet it with cheapened and improved methods of production. The alternative is at once unpleasant, obvious, and, I am proud to think, improbable. We are not likely to be left behind in a struggle of which our own national energy was the precursor. We led the Nations, and we shall lead them still, and prove that our early start was but the promise and first symptom of a destined pre-eminence. Preach this gospel, Sir Stafford, and do not sit like Aurelian while Heretics wrangle with the Orthodox, wearing a smile of unworthy indifference or of still more unworthy hope.

But let us suppose that these conclusions, which I delight to think that we hold in common, were upset. That our trade abroad was declining on account of Protective Duties, and that our home industries were invaded, through our Custom House. What is the remedy suggested? A 10 per cent. duty upon Manufactured Articles, and a duty of four shillings a quarter upon Corn, which, taking the price at forty shillings, is 10 per cent. also. Colonial Corn is not to be taxed; that is the boon for which our Colonies are to expunge their tariffs upon Imports. I do not feel obliged to deal with the duty on Corn. It is outside the region of practical politics. No Minister would dare to propose it; otherwise it would be amusing enough to lay bare the absurdity of the proposal. But upon the remedy

in the shape of a 10 per cent. duty upon Manufactures, proposed for the imaginary maladies of England, it is worth while to say a few words. The object of its authors would be to divert into the hands of our Native Manufacturers the £31,000,000 of our Home Trade which are now in the hands of foreigners. Let us suppose that the diversion took place. Our Imports would of course be reduced by that amount, and the inevitable consequence of such a reduction would be the shrinkage of our Exports to precisely the same extent. For our carrying trade would not diminish; our businesses abroad would not be abandoned our holdings in foreign investments would remain where they were. Yet the national accounts would still have to be balanced, and the change over which our Manufacturers would have been chuckling, would have to be redressed very speedily by a countervailing stoppage among their own spindles, furnaces, or mills. If foreign traders are allowed to send over £31,000,000 of foreign goods into England, they will invest the proceeds in English goods for exportation; but the moment you stop, wholly or in part, one side of the transaction, you make the other, wholly or in part, impossible. One end of a see-saw cannot go up unless the other end proportionately goes down. Trade is a see-saw. The largest result, therefore, of the application of the supposed remedy could only be to take £31,000,000 from each side of the National Ledger. Of a truth, Sir Stafford, it would be an inoperative nostrum for a non-existent disease.

The proposal for a Zollverein formed of England and her Colonies is, to speak of it bluntly, a mixture of self-delusion and dishonesty. It is dishonest because under pretence of economy, it advocates the purchase of food and manufactures by the nation at large in the dearest market that can, under the circumstances, be constructed for the benefit of producers. It is self-delusive inasmuch as it is obvious, first, that exactly as much trade would be lost as gained by exclusion; and secondly, that the moment you enhance the price to a consumer of any article, you reduce

proportionately the extent of his purchasing power. To add 10 per cent. to cost is to subtract 10 per cent. from quantity saleable.

The notion of Retaliatory Tariffs we may dismiss with a word. Retaliation is a game at which two parties can play, and in which we should be the most vulnerable. In a duel I would rather, other things being equal, be Hop-o'-my-thumb than Daniel Lambert. A war of Tariffs is a corollary to the fallacy that a commercial treaty with any foreign country is valuable to Free-trading England. It is not. We want no commercial treaties, and therefore need not keep in our armoury the weapons of a war of Tariffs. The "most favoured nation" clause is indeed valuable on the somewhat violent assumption that nations, if they dealt with foreigners at all, would do so according to some feeling of like or dislike, and not with reference to the quality and cheapness of the articles offered. Both Mr. Cobden and Napoleon III. negotiated the Commercial Treaty just apparently extinguished, as though France were a perverse invalid for whom two doctors were concocting as efficacious a tonic as they could induce her to swallow. The mixture was not intended to brace the commercial stomach of healthy England. Do you suppose that they did not know that Protective Duties are paid by the nation that imposes them? To do you justice, you have never talked about a war of Tariffs. I ask you to rebuke in a manly fashion your friends who do.

To conclude: I know that we are agreed. England is not sick, and if she thinks herself so, she is the *Malade Imaginaire* of nations. But if she were out of health, the prescriptions proposed for her are no remedies. It is even doubtful whether their conception is not as wanting in honesty as in wisdom. Of course everybody would like Protection for his own trade, because, although every isolated enactment of Protection obviously lessens the volume of the national wealth, it apparently diverts an abnormal amount of it into the protected channel. The diversion might even be actual for a time, although in the long run

increase of cost would mean equivalent decrease of dealing. But to make Protection just it should be universal, and universal Protection would be national paralysis.

There is a flavour as of old-fashioned wisdom about the plea that, apart from political economy, it is rash to allow America to become the granary of Great Britain. I question, however, whether this affectation of military caution is not a new cloak for the timorousness of the wheat grower, and whether the true fear is not rather that the landowners' pockets are threatened than that the security of the country is in danger. For the warning is beset by a cloud of retort. In the first place, we must buy a great proportion of our breadstuffs abroad. With a small cultivable area, an immense and constantly increasing population, and with agriculture rendered expensive by a highly rented soil, it is impossible to conceive that our wheat growing capability will keep pace with our needs. In the second place, of all nations in the world except our own Colonies, America is the least likely ever to be at war with us. If she were, with immense seaboard both to the Atlantic and the Pacific, with Canada coterminous for thousands of miles, with mercantile citizens not over scrupulous, and a daring mercantile marine, it would be absolutely impossible for her to prevent the exportation of wheat, even in her own ships, not to speak of neutral bottoms. Thirdly, long before any such untoward and unnatural conflict could come about, our Colonies would have become large sources of supply. Moreover, in war time the privateers of America would be as successful in intercepting Canadian or Australian grain fleets as ever her Custom House officers would be in stopping the shipping or transit of her own crops from her own ports and frontiers. Once more, any difficulty in the supply of England would bring corn by millions of quarters from the South East of Europe. Lastly, on the morrow of a declaration of war we should have a vast breadth of wheat sown at home in supplement of the supplies from abroad. The quartern loaf would never approach anything like the price it reached during the old war, when the shackles of Protection were unrelaxed.

To you, Sir Stafford Northcote, whom in all seriousness and with as little of sarcasm as of flattery, I may call one of the most accomplished of our financiers and one of the most enlightened of our economists, what I have here written must seem the most obvious and familiar of platitudes. But how great is the condemnation it involves to you! Have you not in your speeches this autumn played fast and loose with the knowledge and the faith that are in you? Have you not treated the Fair Trade chatter as argument to be considered, not as folly to be condemned? What would you have said of it if by chance it had been uttered by one of the present Cabinet? Does error that would lead to national disaster, if inculcated by an opponent in office, cease to be perilous when instigated by the orators of the Opposition? Does nonsense cease to nauseate when uttered by Lowther, or do fallacies begin to confuse you when Eckroyd shuffles them about? Is your love of office so strong that to achieve it you are ready to stultify your reason, to turn your back upon your principles and to play with the commercial stability of England? Or are you listening with complacency to fallacies which you hope may do your work at the hustings, but which you mean to repudiate when they have placed you in power? Because I had rather see even you disgraced than the welfare of the nation imperilled, I will say "better the smaller tergiversation than the greater, though the smaller were bad enough." Is your conscience lulled, or is your mind in lethargy? Are you a leader, or are you a puppet? Are you a *Roi Fainéant* with some random Lord for your Pepin, or do you sit muttering "Mischief, thou art afoot!" an otherwise silent Antony, while others harangue the mob? Have you lost your candour, and so will not speak the truth, or your nerve, and so dare not? I prefer to think, with all others, and they are many, who have respected you, that you are timid; and so—especially as I have ventured to be plain with you—I subscribe myself that which I still wish you to become,

FORTIOR.

