WILEY

Progress of the External Trade of the United Kingdom in Recent Years

Author(s): Stephen Bourne

Source: *Journal of the Royal Statistical Society*, Vol. 56, No. 2 (Jun., 1893), pp. 185-214

Published by: [Wiley](#) for the [Royal Statistical Society](#)

Stable URL: <http://www.jstor.org/stable/2979474>

Accessed: 25/06/2014 04:47

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at
<http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Wiley and Royal Statistical Society are collaborating with JSTOR to digitize, preserve and extend access to *Journal of the Royal Statistical Society*.

<http://www.jstor.org>

JOURNAL

OF THE ROYAL STATISTICAL SOCIETY,

JUNE, 1893.

PROGRESS of the EXTERNAL TRADE of the UNITED KINGDOM in
RECENT YEARS. By STEPHEN BOURNE, Esq.

[Read before the Royal Statistical Society, 21st March, 1893.
JOHN B. MARTIN, Esq., Hon. Sec., in the Chair.]

CONTENTS:

	PAGE		PAGE
Value of Imports and Exports	185	Shipping.....	201
Corrections in Balances	189	Index Numbers	201
Volume and Value	192	Imports from specified Countries..	202
Colonial as Distinguished from		Exports to certain Countries ..	203
Foreign Trade.....	197	Imports of certain Goods	204
Transshipment of Goods	199	Exports	205
Bullion	200	Conclusion	206

IN its more extended shape, whatever trading operations have their origin in, or are controlled from within the kingdom, and yet have their ending in the goods reaching its shores, or starting thence to other destinations, would be included in its external trade.

The external trade of the United Kingdom will in the present paper be deemed to relate only to those goods which are brought to its shores from places beyond, or are sent hence to those with whom it has trading relations. In this sense it stands in contrast to any dealings in the articles after they are once brought into the kingdom, or transactions in them before they leave it. These properly come within the category of internal trading; necessary indeed for that which is carried on with people of other countries, but yet different from it because it has no direct connection with any outsiders, and adds nothing to the wealth which the nation gains or loses by its conduct.

Value of Imports and Exports.

Amongst the many papers which it has been my privilege to read at the meetings of this Society, was one having relation to the vexed question of the respective value of the import and export

trades.¹ The object of that paper was not, as erroneously supposed by many, to assert that the prosperity of the nation depended upon its exports exceeding its imports, but twofold: 1st, to ascertain what corrections were needed in the official figures to strike an accurate balance between the two; and 2nd, to show that any sudden or continuous increase of an adverse balance could not betoken, as too many asserted, a prosperous condition of trade for the years in which it took place. The calculations adopted have since then been pretty generally received as correct, and the views set forth were substantiated, in that the year succeeding the one in which the paper was written is acknowledged to have been one of very bad trade, and in it the excess of imports over exports was larger than it had ever attained either before or since. The year just expired stands closest to it in this respect. The continuation of these tables for the intervening years may not therefore be without interest.

The tables then constructed were brought down to 1876, but the last year had to be partly estimated, and the final official accounts introduced some alterations. On this account, and likewise to get the full range of twenty years, those now given commence with 1873 and end with 1892. These years embrace a period during which exactly the same system of obtaining the records had existed, and excluding the two years (1871-72) of transition period are thus properly comparable with each other. This is not the case with those of earlier years, for up to 1854 the absurd system of Official values prevailed, and from that year up to 1871 the values of the imports were computed at the Custom House on the data derived from the mercantile records of actual sales of the goods, or those of a similar kind, after arrival. Now, the importer's agent values his goods before they leave the ship, and being generally in ignorance of their exact quality prior to being sampled, or the price they are likely to realise on actual sale, has to estimate them at current market rates. The former system if carefully worked, though not so ready in its results, may be the most accurate, and be certainly the more economical as involving less clerical work; but on either one continuity of plan exists, so that one year may be compared with every other. It would be hard to say that the values recorded come within 5 or 10 per cent. of actual truth; but there is no reason for supposing that the rate of variation is not pretty constant.

In 1877, in another paper read at Manchester² an analysis of

¹ The growing Preponderance of Imports over Exports in the Foreign and Colonial Trade of the United Kingdom. *Journal*, vol. xi, March, 1877.

² On the Increasing Dependence of this Country upon Foreign Supplies of Food. "Transactions of the Manchester Statistical Society," 1877.

the food imports was made with the view of showing how greatly the excess of imports was occasioned by the growing substitution of foreign for home grown meat, bread and other produce. The tables then prepared have been continued to the year 1891 in a similar paper read in that city on 30th November last.³ Corresponding information for 1892 will be here given.

When dealing with the simple difference in the net amount which has to be provided for in international settlements other than the exchange of goods, it matters little whether that accrues from the quantities of goods or from the prices at which they may have been exchanged; but when viewing our trade in other aspects, these are points of the highest importance, and without their consideration the most delusive impressions may be received. Take for instance the totals of our imports during 1892, which showed the value to have been nearly 12,000,000*l.* below that of 1891, thus supporting the opinion that last year had been one of decline. A careful calculation, however, brought out that there had been an increase in bulk, represented by about 7,000,000*l.* of money, concurrently with such diminution in prices, as was equivalent to 19,000,000*l.*, and that we had consequently obtained 7,000,000*l.* worth of goods more than in the previous year, with absolutely 12,000,000*l.* less expenditure. On the same principle, the exports of British produce, which showed a decrease of more than 20,000,000*l.* was disadvantageous in both ways, for we had lost 8,000,000*l.* in the quantity, and had obtained 12,000,000*l.* less in the value of the diminished quantity exported.

A collection of these various fluctuations from year to year, commencing with 1878, was laid before the Society in 1889.⁴ The figures down to 1892 will thus cover the last fifteen years.

The period of twenty years before alluded to, is contemporaneous with that of my own connection with this Society, before which it has given me so much pleasure to read papers on the subjects with which my official duties had rendered me familiar. Having become a Fellow not in the heyday of youth, but after thirty-three years spent in the public service, there can be no prospect of retaining power for repeating these contributions. I have sought the privilege of bringing these up to date in what must be looked upon as the conclusion of the several series, leaving it to younger hands and fresher intelligence to put forward future statistics in improved forms. Retaining the hope, however, that what has been done may prove the starting point for what the future exigencies of trade, and the intense desire of

³ Food Imports. "Transactions of the Manchester Statistical Society," 1892.

⁴ Variations in the Volume and Value of Exports and Imports. *Journal*, September, 1889, vol. lii., pp. 404—7.

those engaged in it for the earliest, fullest and clearest information on the various points may find useful in reviewing the past and forecasting the future.

Craving pardon for these digressive preliminary remarks, the first table to which your attention is sought sets forth the several trade totals for each of the last twenty years, and shows the extent to which the goods retained for home use have exceeded in value those exported from the United Kingdom.

TABLE I.—*Total Value of Goods Imported into and Exported from the United Kingdom, from 1873 to 1892.*

[In million of £'s to two decimals.]

Years.	Foreign and Colonial Merchandise.			Produce and Manufacture of the United Kingdom.	Total Exports.	Excess of Imports.
	Total Imports.	Re-exports.	Retained for Home Use.			
	£	£	£	£	£	£
1873	371·29	55·84	315·45	255·16	311·00	60·29
'74	370·08	58·09	311·99	239·56	297·65	72·43
'75	373·94	58·14	315·80	223·47	281·61	92·33
'76	375·15	56·14	319·01	200·64	256·78	118·37
'77	394·42	53·45	340·97	198·89	252·34	142·08
'78	368·77	52·63	316·14	192·85	245·48	123·29
'79	362·99	57·25	305·74	191·53	248·78	114·21
'80	411·23	63·35	347·88	223·06	286·41	124·82
'81	397·02	63·06	333·96	234·02	297·08	99·94
'82	413·02	65·19	347·83	241·47	306·66	106·36
'83	426·89	65·64	361·25	239·80	305·44	121·45
'84	390·02	62·94	327·08	233·03	295·97	94·05
'85	370·97	58·36	312·61	213·11	271·47	99·50
'86	349·86	56·23	293·63	212·73	268·96	80·90
'87	362·23	59·35	302·88	221·91	281·26	80·97
'88	387·64	64·04	323·60	234·53	298·57	89·07
'89	427·64	66·65	360·99	248·94	315·59	112·05
'90	420·69	64·72	355·97	263·53	328·25	92·44
'91	435·44	61·88	373·56	247·23	309·11	126·33
'92	423·79	64·56	359·23	227·08	291·64	132·15
	7,833·08	1,207·51	6,625·57	4,542·54	5,750·05	2,083·03
Average	391·65	60·38	331·27	227·13	287·50	104·15

On inspection of the figures in Col. 1 of the foregoing years, there was no considerable increase in the value of our imports for the first seven years. Slight variations in one year must necessarily take place from seasons, crops, and weather, advancing or retarding arrivals, but substantially our annual receipts were the same through this period from 1872-79, which was admittedly one of bad trade. The exports of British produce and manufactures rapidly fell until in 1879 they amounted to but three-fourths of what they had been in 1873. The excess of

imports grew larger, exceeding in 1877 the largest ever known, and even in 1880 being double what it was in the first year. So true is it that a reduction in the exports is a better indication of depressed trade than any afforded by the imports alone.

In the autumn of 1879 there were signs of the progressive decline having run its course, and that such was the case became manifest in the returns for 1880. One half of the failure in exports from 1873 was recovered, and it was only a sudden accession of imports which delayed the diminution of excess for another year. There were then four or five years of better trade. The British exports increased considerably, but failed to reach the level of 1873; and the imports grew still more rapidly up to 1883. From thence a renewed depression somewhat slowly arose, but being more in the reduction of imports—1887 having been 63,000,000*l.* less than 1883, whilst the exports had only fallen by 18,000,000*l.*—the excess of the former continued to fall in less degree. These were days when the revenue advanced by leaps and bounds, and a series of prosperous years set in, lasting, with some fluctuations, up to 1890 or 1891. In the former of these years the value of British goods exported was higher than ever before known, and in the latter the imports reached a figure never recorded in any previous year. In 1891 the exports fell by 16,000,000*l.*, the precursor of a further decline in 1892 of 20,000,000*l.*, when the imports also receded in value by 12,000,000*l.* It is somewhat curious to notice how often a rise in the imports succeeds that of an addition to exports, as though prosperity in the export trade permitted of a larger import, and this perhaps for one reason amongst others, that increased manufacture for export, especially in textiles, requires increased supplies of the raw material from which they are prepared. We have now reached a year in which, notwithstanding the fall in imports, their excess over exports is larger than in any one since the disastrous year of 1877. In it the imports are more than 50,000,000*l.* beyond 1873, and the exports are 28,000,000*l.* lower than then. The combination of these two elements has raised the excess of the latter to 132,000,000*l.*, more than double the amount at which it stood in the year at which the table commences. The figures of this last year are so remarkable as to merit special attention, which however may be better given later on when the volume and value are considered in conjunction.

Corrections in Balances.

The foregoing table deals only with the figures as given in "Statistical Abstract" (excepting 1892, which are taken from the "Monthly Account of Trade," and may be subject to some alteration when the proper revision has taken place). It would be quite

erroneous to attempt to strike a balance as is done in the last column, and say that the country is losing the difference. As was pointed out in the paper of 1876, there are several adjustments necessary. In the first place there is a continual passing to and fro of bullion and specie, which is not properly either an import or export, but a floating balance available by the lenders of money in exchange for bills of exchange, loans and investments, with which it is constantly interchangeable; but the surplus of incoming or outgoing in the course of the year may be fairly added to or taken away from the apparent excess of imports. This forms the first column in the corrections of the next table. It was indeed once gravely argued in a public report, anxious to throw discredit upon my labours, that no account of imports or exports could possibly give a correct idea of the trade of the country which did not include on both sides the bullion transported. Forthwith the bullion and specie were included amongst the British goods, and it thus happened that a quantity of Japanese gold coins, which were at the time passing to Paris through this country, went to swell the British exports.

A heavier correction needs to be made on account of freights on imports which, since the import value is that after arrival here, are an increase which does not pertain to the exports, the value of which is taken on shipment, and generally includes no charge upon the goods subsequent to their shipment. For the purposes of the paper of 1876 very elaborate enquiries were made into the proportion of the valuation which from this cause ought not to be counted as import. For the reasons there set forth it was assumed that a deduction of 11 per cent. would meet the case. Since that period freights have much fallen, and estimates of the proper amounts for the successive years are shown in the third column of the table. But if freights are lower, so also are the values, though not perhaps in the same degree. Therefore the ratio of 11 per cent. will not have a reduction to less than, say, 9 or 10 per cent. There are other minor corrections of the import side, such as insurance, bank charges, and commissions, which, supposing the amount of the imports had to be drawn against by those who send them hither, have to be considered; but these would be difficult to estimate, and must therefore be neglected in the present inquiry.

The corrections on the export side will be all in the shape of additions, and serve towards replacing part of the apparent excess of imports. We build ships for foreigners, which, though not so recorded, are as much an export as the railway carriages are. We supply victualling and other stores to the vessels which transport the goods, and large quantities of coal go out on board the steamers employed in both bringing and taking away. All these constitute

practical exports and are dealt with in arriving at the assumed balances to be provided for.

It must be repeated that there was never any intention of deeming these balances as something to be necessarily drawn from this country; but they are undoubtedly elements on the debit side in all international settlements. The freights we earn abroad by our ships, the interest we receive from our colonial and foreign investments, the profits of our agricultural, manufacturing, and commercial undertakings, and the savings of Englishmen in the numerous places which they choose as the scenes of their labours, must form the like elements on the credit side. They doubtless largely exceed any quantity of goods we may import above those for which our exports pay, and furnish the source from whence we extend our investments, contract for loans, and purchase property abroad. But they in no way justify the dictum that the excess of imports over exports is the test of trading prosperity, especially when, as it was in 1877 and is now in 1892, that excess arises from the immense quantities of food we consume, combined with a diminution of the exported products of our industry, and throws many of the consumers into the ranks of the unemployed.

What was maintained then was amply confirmed by the experience of subsequent years, and may be held—now that the balance against us is so large—is, that either the rapid or the gradual decline of our exports is an evidence and a warning which cannot be slightly passed over as of no importance. The accumulation of income from abroad is of steady, not irregular, progress, and cannot be relied upon to increase just when our sales are low. It is not an excess of imports which is in itself a source of alarm, but a decay of exports, which requires to be watched with care. It is to this that much of the present widespread distress, fostered largely by the operation of wasteful strikes, and still more by the wasteful expenditure in drink, is to be attributed.

The figures in the following table are to a considerable extent conjectural, but they fully account for one-half of the difference between the gross figures of imports and exports, which is so often put forth as a balance that the country must be losing, and both in the total and the yearly average come singularly near to the results of the table in the paper of 1876. They again show that 1877, the year of the greatest trading depression within the whole period embraced by the table, was the one in which both the apparent and the assumed excess of imports was the highest, and that during the year just expired there is the same unfavourable feature to be noticed.

TABLE II.—*Corrections of Excess of Imports in Table I, by additions for Bullion and deductions for Freight from Imports; and additions to Exports for Vessels, Stores, and Coals.*

[In million £'s to two decimals.]

Years.	Apparent Excess of Imports.	Imports.		Exports.			Assumed Balance to be Provided.
		Add Bullion.	Deduct Freight.	Add Ships for Foreigners.	Add Victualling and Stores.	Add Coals for Steamers.	
	£	£	£	£	£	£	£
1873.....	60·29	+ 4·70	37·1	4·0	3·4	2·64	17·85
'74.....	72·43	+ 7·53	37·0	3·3	3·6	2·36	33·70
'75.....	92·33	+ 5·63	37·4	1·8	3·7	1·92	53·14
'76.....	118·37	+ 7·59	37·5	0·6	3·9	2·0	81·96
'77.....	142·08	— 2·66	39·4	0·5	4·0	1·86	93·66
'78.....	123·29	+ 5·73	36·9	1·3	4·1	1·90	84·82
'79.....	114·21	— 4·42	36·3	1·5	4·3	1·93	65·76
'80.....	124·82	— 2·64	41·1	2·1	4·8	1·92	72·26
'81.....	99·94	— 5·64	39·7	3·2	4·9	2·35	44·15
'82.....	106·36	+ 2·63	41·3	3·5	5·1	2·46	56·63
'83.....	121·45	+ 0·81	42·7	3·7	5·6	3·09	67·17
'84.....	94·05	— 1·62	39·0	2·7	5·3	3·08	42·35
'85.....	99·50	+ 0·23	37·1	1·1	5·4	2·98	53·15
'86.....	80·90	— 0·59	35·0	1·2	5·4	2·82	35·89
'87.....	80·97	+ 0·64	36·2	2·1	5·7	2·85	34·76
'88.....	89·07	— 0·56	38·8	2·7	5·9	2·99	38·12
'89.....	112·05	+ 1·97	42·8	5·5	6·1	3·95	55·67
'90.....	92·44	+ 8·78	42·1	4·8	6·2	5·13	42·99
'91.....	126·33	+ 2·36	43·5	4·2	6·1	5·19	69·70
'92.....	132·15	+ 3·31	42·4	3·3	6·2	4·74	78·82
	2,083·03	+ 33·78	783·3	53·4	99·7	58·16	1,123·55
Average	104·15	+ 1·69	39·16	2·65	4·99	2·91	56·13

Volume and Value.

The foregoing figures have taken no account of the changes which have occurred in the volume, but simply in the value, of the imports and exports. Together, these formed the subject of a paper read in May, 1889,⁵ and were illustrated by two distinct methods. In the one, use was made of a series of tables furnished year by year to the "Economist," which, taking the difference in the value of one year over another, analysed the lists of both imports and exports in detail, with a view to the determination of how much was due to change in quantity, and how much to change in price. These results were given in detail for eleven years, 1878-88. The total then obtained is now given in the first line of the next tables, and the detail of each year since 1888 up to the one

⁵ *Journal*, vol. lii, September, 1889. On Variations in the Volume and Value of Exports and Imports of the United Kingdom in Recent Years.

just expired, thus bringing down the examination to the present time as regards both imports and exports:—

TABLE III.—*Showing the Total Value of the Foreign and Colonial Goods Imported into the United Kingdom in the Eleven Years 1878-88, and for each succeeding Year, with the Excess or Deficiency when compared with the preceding Year divided into that arising from Variation in Volume and in Value.*

[In million £'s to two decimals.]

Years.	Total Value.	More or Less than previous Year.	Proportion of Variation due	
			To Quantity.	Price.
	£	£	£	£
1878-88.....	4,240·64	1877 — 4·35	+ 113·15	— 117·50
'89	427·64	+ 41·01	+ 35·44	+ 5·57
'90	420·70	— 6·71	— 2·54	— 4·17
'91	435·44	+ 14·81	+ 14·34	+ 0·47
'92	423·79	— 11·80	+ 6·90	— 18·70
Variation in } fifteen years }		+ 32·96	+ 167·29	— 134·33

Note.—The total values being taken from the “Statistical Abstract,” whereas the calculations were made upon the figures of the “Monthly Journal,” causes a slight divergence in the differences shown in Col. 2 of this and the subsequent tables.

The method pursued in obtaining these results was fully explained in the paper already referred to. In principle it is simple, although involving elaborate calculations year by year. The official tables give for all the principal articles both quantity and value, and it is easily seen that the latter will vary in any given year from the one before, from an increase or decrease in the quantity, and also according as the price is higher or lower; and by applying the price of one year, of any two brought into comparison, to the quantity of the other year, we get a representation in terms of money of the altered quantity of each article. Adding these together the total stands for the volume of the year's trade, and the difference between this sum and the whole value shows the proportion which is due to the variations in price. In the foregoing table the final figures show by how much the value of the imports in 1892 exceeded those of 1877, to what extent the quantity had expanded, and by how much the prices had been reduced. For the fluctuations year by year I must refer to the former paper of 1889; those of the succeeding years are shown in detail.

These figures all refer to the gross imports—a considerable portion of which are again transported to other markets—which

in treating of the consumption at home must be deducted from the original importations. Applying this process to the final figures of the previous table, the conclusion is arrived at that in the course of fifteen years (1878-92) the actual value of the net imports has risen by 22·76 millions of money, that the quantity or volume is equivalent to 136·86 millions more, but that this has been obtained at a cost lessened by 114·10 millions.

TABLE IV.—*Similar Table to the foregoing for Foreign and Colonial Goods Re-exported from the United Kingdom.*

[In million £'s to two decimals.]

Years.	Total Value.	More or Less than previous Years.	Proportion of Valuation due	
			To Quantity.	Price.
	£	£	£	£
1878-88.....	668·04	1877 + 9·84	+ 27·55	— 17·71
'89	66·66	+ 0·90	— 0·22	+ 1·12
'90	64·72	— 0·59	— 1·42	+ 0·83
'91	61·88	— 2·55	— 1·14	— 1·41
'92	64·56	+ 2·60	+ 5·66	— 3·06
Variation in } fifteen years }		+ 10·20	+ 30·43	— 20·23

Proceeding to the exports of goods produced or manufactured in this country, the values which have been treated in precisely the same manner amount in the aggregate to 27·93 millions above those of 1877, for which there has been given a volume equivalent to 83·56 millions more, because there has been sustained diminutions in price, but for which they would have been valued at 55·63 millions more.

TABLE V.—*Similar Table for the Exports of British Produce and Manufactured Goods.*

[In million £'s to two decimals.]

Years.	Total Value.	More or Less than previous Years.	Proportion of Valuation due	
			To Quantity.	Price.
	£	£	£	£
1878-88.....	2,438·04	1877 + 34·66	+ 98·61	— 63·95
'89	248·94	+ 15·09	+ 8·62	+ 6·47
'90	263·53	+ 14·61	— 1·26	+ 15·87
'91	247·24	— 16·26	— 13·97	— 2·29
'92	227·08	— 20·17	— 8·44	— 11·73
Variation in } fifteen years }		+ 27·93	+ 83·56	— 55·63

It should have been explained before that in the earlier years of this system of comparison it was not possible to compute the

whole of the articles, because many of them were not shown otherwise than by value, and even now it is necessary to estimate a number of them at the same rate as those of a similar class, with which they have for some years past been thrown into groups. Neither is it well to compare any two years arbitrarily chosen, because there are great fluctuations from year to year rather than a steady rate of progress. Thus 1877, the one preceding that with which these comparative tables commence, was one of excessive import, some 20,000,000*l.* more than 1876, and in the following year there was a fall of 26,000,000*l.* The exports were not so disturbed, and hence the excess of imports was the largest on record—over 142,000,000*l.* The nearest approach to this was in last year, when the difference was 132,000,000*l.*, reached not by any rapid accession of one, or depression of the other, but by a more steady progress.

The figures of the excess of imports for the several years analysed in the same method bring out the result, that whilst the beginning and ending of the series did not widely differ in the actual amount, there were great variations in excess of quantity and deficiency in value :—

TABLE VI.—*Similar Table for the Excess of Imports over Exports (for Fifteen Years).*

[In million £'s to two decimals.]

Years.	Total Value.	More or Less than previous Years.	Proportion of Valuation due	
			To Quantity.	Price.
	£	£	£	£
1878	123·29	— 18·80	+ 1·43	— 20·23
'79	114·21	— 9·76	— 6·75	— 3·01
'80	124·82	+ 11·43	+ 1·85	+ 9·58
'81	99·94	— 25·21	— 35·84	+ 10·63
'82	106·86	+ 5·65	+ 11·40	— 5·75
'83	121·45	+ 14·82	+ 18·12	— 3·30
'84	94·12	— 25·77	— 12·84	— 12·93
'85	99·50	+ 9·09	+ 17·02	— 7·93
'86	80·90	— 18·09	— 12·48	— 5·61
'87	80·97	+ 0·72	+ 4·87	— 4·15
'88	89·06	+ 7·07	+ 0·21	+ 6·86
'89	112·04	+ 25·48	+ 27·04	— 1·56
'90	92·45	— 20·72	+ 0·14	— 20·86
'91	126·32	+ 33·62	+ 29·45	+ 4·17
'92	132·15	+ 5·77	+ 9·68	— 3·91
Variations from 1877 }		— 4·70	+ 53·30	— 58·00

Having thus traced these changes under the specific heads, one final table of the same construction may bring together the three several branches of trade—import, re-export, and exports of British

goods—so as to show them in one total for each year, and in this to repeat the figures for the eleven years of the former paper, so as to show at a glance each of the fifteen years during which these computations have been made.

TABLE VII.—*Similar Table for the whole External Trade of the United Kingdom.*

[In million £'s to two decimals.]

Years.	Total Value.	More or Less than previous Years.	Proportion of Valuation due	
			To Quantity.	Price.
	£	£	£	£
1878	614·25	— 32·52	+ 6·77	— 39·29
'79	611·77	— 3·20	+ 30·93	— 34·13
'80	697·64	+ 86·73	+ 55·81	+ 30·92
'81	694·10	— 3·87	+ 11·96	— 15·83
'82	719·68	+ 24·81	+ 34·16	— 9·35
'83	732·33	+ 12·38	+ 36·84	— 24·46
'84	685·99	— 45·89	— 9·14	— 36·75
'85	642·44	— 40·97	— 5·72	— 35·25
'86	618·82	— 23·95	+ 18·00	— 41·95
'87	643·49	+ 24·40	+ 28·41	— 4·01
'88	686·21	+ 42·23	+ 31·29	+ 10·94
'89	743·24	+ 57·00	+ 43·84	+ 13·16
'90	748·95	+ 7·31	— 5·22	+ 12·53
'91	744·56	— 4·00	— 0·77	— 3·23
'92	715·43	— 29·37	+ 4·12	— 33·49
Variations from 1877..... }		+ 71·09	+ 281·28	— 210·19

In considering the final figures of this table, which show the difference between the year (1877) prior to that with which it commences, it is necessary to remember that it was an exceptional one, as will be seen in Table I. A sudden increase in the value of the imports raised the excess of these to the highest amount which it has ever reached. There had been for several years a continuous drop in the value of the British exports, which went on until 1880, when they took an upward start, lasting for some four or five years, and during this period there was admittedly a better state of trade; this gave place to a renewed period of depression, from which a temporary reaction set in two or three years back, to be succeeded by times as at present, when everyone admits that we are not in a position of general prosperity.

If for the actual values of 1877, there were substituted an average of the three years, 1876-78, the total increase in the third column of the table would be raised from 71·09% to 86·87% millions, and probably, though in the absence of any calculations, the corresponding alteration would reduce the minus amount of the last column to 194·41%.

Taking it in either way the record is one of a continuous though somewhat irregular advance in the whole trade of the kingdom, but it also shows how incomplete an idea is given by the mere figures of actual value, for the method adopted by bringing the actual quantities into representative money terms, tell much greater on the volume than it would otherwise appear to do. It also discloses how great has been the fall in price. Shifting the comparison to 1878, and speaking in round numbers, it may be said that our trade has grown in actual value about 100,000,000*l.*—in quantity equal to 275,000,000*l.*—and fallen in price by the difference, 175,000,000*l.*

Going back to Table III, and the similar tables in the paper of 1889, it may be broadly stated that the value of the imports has risen by 55,000,000*l.*, of which the re-exports have absorbed 10,000,000*l.* That this sum represents a growth in quantity equal to 160,000,000*l.*, of which 30,000,000*l.* has again gone away, and a decrease in the price of 105,000,000*l.*, of which perhaps 20,000,000*l.* is due to the re-exports. It thus follows that the consumers have for an increased expenditure of 45,000,000*l.* obtained supplies which would formerly have cost 130,000,000*l.* more, because there has been a lowering in the price to the extent of 85,000,000*l.*

In the same way it is learnt that the exports of goods produced or manufactured in the kingdom have during the same period increased by about 35,000,000*l.* in the actual value on departure, but that the quantity parted with may be estimated at 83,000,000*l.*, which have realised 48,000,000*l.* less than the prices of the earlier year would have given. These results are purposely put forth in broad terms, because though the investigations on which they rest have been conducted with the utmost care, on which a large amount of labour has been bestowed, the available materials are not full enough to permit of any pretension to absolute precision.

Colonial as distinguished from Foreign Trade.

Any thorough investigation into the progress of trade would require to ascertain the totals of the goods interchanged year by year with each of the countries with whom we trade. The actual values are set forth in the "Annual Statement" issued from the Custom House: they would take up too much space were they abstracted here, and involve too much labour to analyse the quantities and prices as was done with the amount for the whole Kingdom. Yet as bearing upon the *progress* we are making it may be well to abstract the values belonging to the colonial and foreign trade respectively, and serve to show at a glance the course trade is taking by placing in juxtaposition

the imports and the exports for the several years over which the first table spreads. This will not altogether show the exact relative extent of custom with either the one or the other, for the goods are often originally brought from, to be consumed in, very different places to those to which they are credited in the accounts. Such variations it is impossible to trace, though much has been done towards accuracy in requiring that the Bills of Lading, not the port from which the vessel has last come, should govern the country to which they are entered.

TABLE VIII.—*Table showing the Values of both Imports and Exports arriving from, or going to, the Colonies and Foreign Countries respectively.*

[In million £'s to two decimals.]

Years.	British Possessions.		Foreign Places.	
	Imports.	Exports.	Imports.	Exports.
	£	£	£	£
1873	81·01	71·15	290·28	239·86
'74	82·16	77·91	287·92	219·74
'75	84·42	76·66	289·52	204·96
'76	84·33	70·15	290·82	186·62
'77	89·55	75·75	304·87	176·59
'78	77·94	71·99	290·83	173·49
'79	78·94	66·51	284·05	182·27
'80	92·52	81·53	318·71	204·89
'81	91·54	86·68	305·48	210·40
'82	99·43	92·34	313·59	214·32
'83	98·68	90·40	328·21	215·04
'84	95·81	88·30	294·21	207·66
'85	84·40	85·42	286·57	185·98
'86	81·84	82·07	267·98	186·60
'87	83·80	82·27	278·43	198·99
'88	86·92	91·73	300·72	206·85
'89	97·27	90·84	330·37	224·76
'90	96·16	94·52	324·53	233·73
'91	99·46	93·34	335·98	215·78
'92	97·82	87·00	326·00	204·46
20 years	1,784·00	1,656·56	6,049·07	4,092·99
Average.....	89·20	82·83	302·45	204·63

Two considerations arise upon reading the figures in the first half of this table: the one that the values have not grown in proportion to the growth of the colonies, in the development of their capabilities or the population they have received, but the remarkable decay in prices which Tables III and V set out goes far to explain why the amounts are not larger. The other is that looking to the continual investment which goes on from this country, the exports ought to be much larger, and this applies

especially to the figures on the second column of the succeeding table. Yet with regard to both points it must be remembered that there is an ever increasing intercolonial exchange of goods, and a more direct communication, as for instance of silk and wool, to the European markets in which they are consumed.

Of the second half of the table it may be remarked, and especially so of the exports of British goods in Col. 4 of the next table, that these are in a very insufficient and a diminishing ratio to the extent of the imports from foreign countries.

TABLE IX.—*Table showing the respective Values of the British Goods Exported, and of Foreign Goods Re-exported to British Possessions and Foreign Places.*

[In million £'s to two decimals.]

Years.	British Produce and Manufacture.		Foreign Goods Re-exported.	
	To Colonies.	To Foreign Places.	To Colonies.	To Foreign Places.
	£	£	£	£
1873	66·33	188·83	4·82	51·02
'74	72·28	167·28	5·63	52·46
'75	71·09	152·37	5·56	52·58
'76	64·86	135·78	5·29	50·85
'77	69·92	128·97	5·83	47·62
'78	66·24	126·61	5·77	46·88
'79	61·00	130·53	5·51	51·74
'80	75·25	147·81	6·27	57·08
'81	79·36	154·66	7·32	53·74
'82	84·83	156·64	7·51	57·68
'83	83·48	156·32	6·92	58·71
'84	80·88	152·15	7·43	55·51
'85	77·93	135·11	7·49	50·86
'86	75·50	136·93	6·56	49·67
'87	75·37	146·54	6·90	52·45
'88	84·24	150·29	7·49	56·56
'89	83·28	165·66	7·56	59·10
'90	87·37	176·16	7·15	57·57
'91	85·96	161·28	7·38	54·50
'92	74·58	152·48	7·70	56·70
20 years	1,519·75	3,022·40	131·09	1,076·28
Average.....	75·98	151·12	6·55	58·81

Transhipment of Goods.

There is another branch of trade without the figures for which any statement of the imports and exports would be incomplete, and yet they belong properly to neither or to both. These are the goods which being brought here in one ship, are, without landing, transferred to another for immediate transmission elsewhere. The value of these is not included in any of the foregoing tables. The variation in them from year to year is not great, although there has been a pretty steady decrease, so that the last year is not more than about two-thirds of the first. The fall in

prices will largely account for this, and yet it might have been expected that with the greater frequency of sailings there would be greater facility for the dispatch and economy of at once placing such goods on board the ship destined to convey them to their ultimate market, without incurring the delay and expense of actual landing.

TABLE X.—*Showing the Transhipments of Goods from the Importing to the Exporting Vessel, 1873 to 1892.*

[In million £'s to two decimals.]

	£		£
1873	13'76	1883	11'69
'74	11'42	'84	11'86
'75	12'14	'85	10'96
'76	10'82	'86	10'71
'77	12'18	'87	9'99
'78	11'16	'88	10'94
'79	10'98	'89	10'18
'80	12'54	'90	9'77
'81	12'56	'91	9'92
'82	12'00	'92	10'58
Ten years	119'56	Ten years	106'60

Bullion.

The passage of bullion and specie to and fro is more regulated by the state of the money market and the foreign exchanges than by any import or export in the proper sense; for the same bars of metal or of coin journey backwards and forwards without coming into actual use in either of the countries. It is therefore only the balances which really affect the trade, excepting in so far as they employ our vessels and earn for them freight. Yet the actual figures for each year are worthy of note. The preponderance is shown in Table II (p. 192).

TABLE XI.—*Showing the Yearly Imports of Bullion and Specie, 1873-92.*

[In million £'s to two decimals.]

	Imports.	Exports.		Imports.	Exports.
	£	£		£	£
1873	33'60	28'90	1883	17'22	16'41
'74	30'33	22'85	'84	20'38	22'00
'75	33'26	27'63	'85	22'10	21'78
'76	37'05	29'46	'86	20'42	21'01
'77	37'15	39'81	'87	17'77	17'13
'78	32'42	26'68	'88	22'00	22'56
'79	24'16	28'58	'89	27'10	25'12
'80	16'25	18'89	'90	33'95	25'17
'81	16'86	22'50	'91	39'59	37'23
'82	23'62	20'99	'92	32'22	28'91
	284'75	266'29		252'75	237'32

Shipping.

Another indication of the progress of trade is to be found in the tonnage of vessels belonging to the kingdom, and also of those entering and leaving our ports in the course of each year. The former includes the many which are engaged in making voyages between ports outside the United Kingdom as well as to and from it. The latter, those of all countries arriving at and departing hence. But this subject has been so fully and ably treated by Mr. John Glover⁶ in a recent paper read before this Society, as to render it unnecessary to recapitulate the figures here.

Index Numbers.

A further method of comparing successive years each with the other was introduced in papers read at meetings of the British Association⁷ and employed in the paper before this Society already alluded to.⁸ The plan on which these index numbers were formed was so fully explained in these papers, that it may be sufficient now to state that having been begun with the British exports of 1883, then amounting to close upon 240,000,000*l.*, the number then chosen to represent this value was 1,000, and all the numbers for the preceding and succeeding years have been worked out on the same basis. Applying the same principle to the imports, which in that year were of the value of very nearly 427,000,000*l.*, the index number for this became 1·779, and that of the other years in like proportion. It was then assumed that these same indices should represent the total volume of all the goods exported in the same year of 1883, and the quantity of each article was given the index which its value would require, so that the sum of all these amounted to the index for the whole. Taking then the varying amounts of the other years in connection with the average prices, all the other indices were calculated out, and the totals are shown in the following table.

The computations for 1892, like those previously alluded to, are made from the figures of the "Monthly Account," which is neither so full nor so explicit as those from which the previous years are compiled, and may therefore be subject to some alteration later on. The ranging of the index numbers for the volume and value of imports as well as exports side by side, and in sequence of years, gives a clear view of the progress our trade has taken in both particulars. It will be noticed that the volume of imports

⁶ *Journal*, vol. lv, June, 1892, pp. 205—35.

⁷ "British Association Report," 1885, pp. 859—73; 1888, pp. 536—40.

⁸ *Journal*, 1889, vol. lii, pp. 407—22.

in 1892 is the largest ever known, whilst that of the exports is somewhat lower than in recent years.

TABLE XII.—*Showing the Total Values of the Imports and Exports of the United Kingdom for Fifteen Years 1878-92, reduced to Index Numbers upon the basis of 1883, wherein 240,000,000l. = I.N. 1,000; likewise the Index Numbers for the Volume of the Goods comprised in the Total Values.*

	Imports.		British Exports.	
	Volume.	Value.	Volume.	Value.
1878	1,492	1,537	757	803
'79	1,528	1,512	794	798
1880	1,659	1,713	888	929
'81	1,611	1,654	973	975
'82	1,650	1,721	989	1,006
'83	1,779	1,779	1,000	1,000
'84	1,712	1,625	1,000	971
'85	1,769	1,546	957	888
'86	1,770	1,458	1,014	885
'87	1,798	1,510	1,064	922
'88	1,948	1,615	1,121	974
'89	2,101	1,782	1,158	1,037
1890	2,097	1,753	1,179	1,098
'91	2,153	1,814	1,113	1,030
'92	2,189	1,766	1,064	946
Fifteen years	27,256	24,785	15,071	14,262
Average	1,817	1,652	1,005	951

Looking first to the export side of the table, it will be seen that, passing through several changes in the intervening years, the value for 1892 stands in relation to that of 1883 as 946 to 1,000, but the volume is that of 1,064 to 1,000. So with the imports, the proportion is that of 1,766 to 1,779, in both cases a slight decrease. But in volume the relation is that of 2,189 to 1,779, a large increase. Thus a reduction from 1883 of 5·4 per cent. in the value of the exports is accompanied by a growth of 6·4 per cent. in the quantity, and a fall of but 0·73 in the import value is concurrent with an enlargement of 23·2 per cent. in the bulk of the goods. The results of this method correspond as closely to those of the former tables as could be expected from two totally different modes of calculation, and the greater precision of the latter process.

Imports from specified Countries.

Having thus dealt with the whole trade, and space forbidding an elaborate investigation of the several countries with which it

takes place, a selection has been made of four of those countries which together furnish more than half of the imports we receive. Leaving out Europe from the comparison, for it would be difficult to select one of its parts as so distinct from the others as to stand alone, they serve as a specimen from each of the other quarters of the globe. Three of them are our possessions, the other the foreign State to the trade of which at the present time the greatest interest attaches.

TABLE XIII.—*Table showing the Values of the respective Imports of Colonial and Foreign Goods from India, Australasia, British North America, and United States, 1873-92.*

[In million £'s to two decimals.]

Years.	India.	Australasia.	British North America.	United States.
	£	£	£	£
1873	29'89	17'26	11'73	71'47
'74	31'20	18'55	11'86	73'90
'75	30'14	20'56	10'21	69'59
'76	30'03	21'96	11'02	75'90
'77	31'22	21'73	12'04	77'83
'78	27'47	20'86	9'53	89'15
'79	24'70	21'96	10'45	91'82
'80	30'12	25'66	13'39	107'08
'81	32'63	26'98	11'30	103'21
'82	39'92	25'17	10'40	88'35
'83	38'88	25'94	12'28	99'24
'84	34'45	28'31	11'04	86'28
'85	31'88	23'33	10'35	86'48
'86	32'13	20'95	10'42	81'60
'87	30'53	23'34	10'56	83'05
'88	30'76	25'87	9'27	79'76
'89	36'20	26'80	12'19	95'46
'90	32'67	29'35	12'44	97'28
'91	32'23	31'26	12'61	104'41
'92	30'53	30'54	14'57	108'20
20 years.....	637'58	486'38	227'66	1,770'06
Average.....	31'88	24'32	11'38	88'50

In the aggregate of the twenty years the United States has sent us one-third more than the other three together, and notwithstanding the fall in prices, the value of last year's imports is just half as much again as it was in 1873. Australasia too has grown largely, in even greater degree, but for both India and the Dominion there is little increase beyond that which is hidden under the lower cost.

Exports to certain Countries.

The corresponding table of the exports of our own manufactures deserves grave consideration at least in one respect, for the United

States, which in 1873 barely took from us to the value of one-half of our receipts from her, has now reduced her takings to the one-fourth. The decrease on the export side of the account in the last two years is very marked, and is accompanied by an increase on the other hand in the imports.

TABLE XIV.—*Similar Table for the Exports of British Produce and Manufactures.*

[In million £'s to two decimals.]

Years.	India.	Australasia.	British North America.	United States.
	£	£	£	£
1873	21'35	17'61	8'62	33'57
'74	24'08	19'06	9'33	28'24
'75	24'25	19'49	9'04	21'87
'76	22'41	17'68	7'36	16'83
'77	25'34	19'29	7'61	16'38
'78	23'28	19'57	6'44	14'55
'79	21'37	16'27	5'45	20'32
'80	30'45	16'93	7'71	30'86
'81	29'24	21'38	8'41	29'80
'82	29'06	25'37	9'70	30'97
'83	31'87	24'22	9'16	27'37
'84	30'58	23'90	8'65	24'43
'85	29'29	25'17	7'21	21'99
'86	31'34	22'38	7'89	26'82
'87	30'66	19'77	8'11	29'55
'88	32'61	25'48	7'57	28'90
'89	31'05	22'88	8'14	30'29
'90	33'64	23'01	7'23	32'07
'91	31'18	25'50	7'25	27'54
'92	27'89	19'26	7'43	26'48
20 years.....	560'94	424'22	158'31	518'83
Average.....	28'05	21'21	7'92	25'94

Imports of certain Goods.

As presenting our trade in another aspect, and confining the illustrations to two of import and two of export, the remaining tables distinguish the character of the goods. The official quantities and values show the extent during each of the three latest periods of five years. The rate of progress is shown as to actual value, quantity and price (in the same manner as in Tables III to VII), but for the last year of each period as compared with that of the preceding quinquennium. In the first one of this series the imports for food have been collected together.

TABLE XV.—*Showing the Food Imports (including Tobacco) at the Actual Values of the respective Periods of Five Years, and the Variations in the Fifth Year, 1878-92.*

[In million £'s to two decimals.]

Five Years.	Official Values.	Fifth Year. More or Less.		
		Value.	Quantity.	Price.
	£	£	£	£
1878-82.....	896·32	— 2·84	+ 15·14	— 17·98
'83-87.....	816·27	— 27·63	+ 17·81	— 45·44
'88-92.....	889·23	+ 36·18	+ 33·89	+ 2·29
15 years.....	2,601·82	+ 5·71	+ 66·84	— 61·13

Here the actual increase in cost as between 1877 and 1892 is but 5·71*l.*, but for that there has been obtained a quantity equivalent to 66·84*l.*, at depreciated prices of 61·13*l.*, an enormous gain to the consumer.

For the next table the chief article of raw material has been selected, one on the manufacture of which more of our industry is expended than on any other.

TABLE XVI.—*Similar Table for Imports of Raw Cotton.*

[In million £'s to two decimals.]

Five Years.	Official		Fifth Year. More or Less.		
	Quantities.	Values.	Value.	Quantity.	Price.
	cwts.	£	£	£	£
1878-82....	70·44	202·26	+ 10·70	+ 10·38	+ 0·32
'83-87....	75·02	202·10	— 6·29	+ 0·92	— 7·20
'88-92....	82·43	211·20	— 2·01		— 2·01
15 years....	227·89	615·56	+ 2·40	+ 11·30	— 8·89

Of the raw cotton imported, about one-eighth is again exported, and of that retained and worked up into yarns and cloths, only about one-fifth is for home use. Thus about two-thirds of the whole import goes out of the country in the shape of manufactured goods, and any fluctuations in price have an effect upon the export values as well.

Here the growth in quantity has been proportionately much greater than with the food, but the saving in cost comparatively much less.

Exports of certain Goods.

Of the exports of textile manufactures included in the next table, fully two-thirds consist of cotton goods:—

TABLE XVII.—*Similar Table for Exports of Textile Manufactures.*

[In million £'s to two decimals.]

Five Years.	Official		Fifth Year. More or Less.	
	Quantities.	Values.	Quantities.	Price.
	£	£	£	£
1878-82.....	528·21	+ 7·92	+ 18·89	— 10·97
'83-87.....	591·99	— 5·97	+ 11·92	— 17·93
'88-92.....	529·25	— 8·03	— 6·84	— 1·17
15 years.....	1,629·45	— 6·08	+ 23·97	— 30·07

This table is perhaps the most unsatisfactory of the whole, for it marks not only a positive diminution in the value of the goods exported, but a decline in the price exceeding the increase in quantity, both being to the disadvantage of the producer.

TABLE XVIII.—*Table showing the Exports of British Iron in Periods of Five Years. Similar to Imports of Cotton.*

[In million £'s to two decimals.]

Five Years.	Official		Fifth Year. More or Less.		
	Quantities.	Values.	Values.	Quantities.	Price.
	£	£	£	£	£
1878-82....	17·13	125·31	+ 11·46	+ 14·48	— 3·02
'83-87....	18·19	133·25	— 7·53	+ 1·19	— 8·72
'88-92....	18·13	149·40	— 3·97	— 8·23	+ 4·26
15 years....	53·45	407·96	— 0·04	+ 7·44	— 7·48

The same particulars of the transactions in iron exported show that the actual value of the exports in the last year of the series was the same as in 1877, for whilst the quantity exported had largely grown, there was also a decrease in the price to an equal extent.

Conclusion.

The general result of the investigation we have been pursuing is to bring prominently to view the enormous development the trade of the kingdom has experienced—a development not easily seen when the values only are considered, and very much hidden, so far as the quantities are concerned, by the different terms in which these are expressed, and the impossibility of bringing them together, as money can be brought, into one total; but made distinctly apparent by the methods adopted. Several causes have contributed to this advance. Increase of population tells for something, but not nearly for all, and it is evident that consumers consume more

and producers produce more than they formerly did. Facilities of intercourse with other nations and cheapened means of transport have opened the warehouses of the world to supply our wants and gratify our desires, and every day manifests more clearly that we have but to seek for more, and we shall assuredly find the supply to meet our needs. This is more true of the imports than of the exports.

The next point so clearly displayed is that concurrently with increasing quantities there is a continual lowering of the cost of the imports we receive, so that the aggregate growth of values is to a great extent neutralised by the shrinkage of prices. It is proved that where the official values increase, the additions are but the differences between very large additions to the volumes, and corresponding diminutions in price to nearly the same extent. Thus the consumer gains, though it is by no means clear who loses. Cheapened cost of production and distribution when arising from labour-saving machinery, accession of mechanical power or scientific discovery must be of general benefit, but where there is lesser return for capital, or deterioration in the articles themselves, the benefit is not so decided. Another disclosure is in the extending use of foreign food in place of the home grown, which however satisfactory to those who thus have their supplies enlarged, with really very trifling addition of expense, is far from gratifying to those whose means are derived from the use of home land and the employment of native labour. In this respect it is worthy of note that a check to the rapid increase of quantity appears to have set in, and if the returns for the few months of the present year are to be taken as an indication, a great reverse is about to take place.

With the British exports the increase in value over the whole period is not so great as with the imports, and it will be seen in Table I that whereas the year 1877—the one prior to the period of the other tables—was for the imports exceptionally large, it was for the exports one of the three smallest in the whole series, and that we are now again on the descending scale. Here too we notice an increase in quantity combined with decreasing prices, but in neither particular do they keep pace with the imports; and of late years, still more in the months of the present year, the decline is rapid. No doubt the fall in the cost of the raw materials is some set off to deficient prices, but there is no sign of prosperity in our having to sell larger quantities for less money.

To forecast the future is not the special province of the statistician, and the statistics now produced are not altogether such as to induce such a task to be undertaken with a light heart.

DISCUSSION *on* MR. BOURNE'S PAPER.

THE CHAIRMAN (MR. JOHN B. MARTIN), in opening the discussion, regretted the absence of several gentlemen, such as Dr. Giffen and Sir Rawson Rawson, whose experience would have rendered them very able exponents of the subject dealt with in the paper. Several representatives of public departments were present, and he hoped that they would express their views. For himself, he would only say that he was glad Mr. Bourne had given so much prominence to quantities in preference to values; the departmental mind, he thought, was apt to consider values rather than quantities, but in so far as a given sum of money represented a larger bulk of commodities, the consumer was clearly benefited. He was sorry Mr. Bourne had not said more about index numbers, for he agreed with the French statisticians in thinking that little importance could be attached, as a measure of general values, to such as had as yet been prepared, since they did not include services rendered, rents, &c. With regard to bullion, Mr. Bourne showed a net import from 1873 to 1892 of 34,000,000*l.*; but he (the Chairman) had before now expressed his disbelief in the trustworthiness of official figures on this subject. A recent paper by M. Levasseur showed that France had been accumulating gold and silver coin and bullion ever since 1815; England, according to Mr. Bourne, appeared to be doing the same, and yet it was the fashion to complain of the scarcity of gold. He would like once more to enter his protest against taking the year 1873 as a starting point, because it was one from which no average could be drawn, and which afforded a most unjust basis for any conclusions.

MR. A. S. HARVEY thought the paper required very careful consideration. It was quite clear that the paper appeared at a time when all branches of trade were seriously depressed. Indeed it was difficult to find any great branch of industry which was working at a profit. The results brought out by Mr. Bourne with reference to the colonial trade were to his mind especially important, and appeared to throw doubt on the truth of the old dictum that the trade followed the flag. He was moreover unprepared for an actual falling off in the trade with British North America. Speaking broadly, the paper proved that as consumers we were in the happiest condition, having abundance poured in upon us from all sides; but that if we looked upon ourselves as producers and competitors in the world's market, the outlook was by no means so promising.

MR. H. MONCREIFF PAUL was glad to find that Mr. Bourne in his interesting paper had, under the heading "Corrections in Balances," given prominence to various factors which must be

taken into account in a comparison of imports and exports of the United Kingdom. Chief amongst these was the shipping trade. It must not be forgotten that Great Britain was the carrier of the world, and would continue to be so until the United States entered upon a free trade policy. Besides our international trade we had also an inter-imperial trade, and assuming that this was conducted with discretion, a profit would result which would go to swell the value of our imports. For example, goods might be shipped from London to Calcutta, and there be sold, the proceeds being invested in woolpacks or sacks, shipped thence to Melbourne for sale. On disposal of these the proceeds might in turn be invested in wool or other Australian produce, shipped to London, the import value of which on arrival must obviously be greater than the export value of the goods originally shipped to Calcutta. With regard to the remarks of a previous speaker that, judged by statistics, trade with our colonial possessions did not apparently "follow the flag," this impression might have been produced through regarding values merely and not quantities also. In the case of the Australasian colonies, the average of our annual imports and exports for the years 1873-92 was respectively 24·32 millions and 21·21 millions sterling, showing an excess of imports of 3·11 millions. During that period there had been in imports a very marked decline in values, coincident with a large increase in quantities. Of this there is a forcible instance in wool, the staple article of these colonies. From the year 1872, which was its high water mark, until 1892, which might be regarded as its low water mark, there was a decrease in price of $54\frac{3}{4}$ per cent., and an increase in quantity of 186 per cent., so that the total value of wool imported increased only $29\frac{1}{2}$ per cent. The decline in the exports to the Australasian colonies could also be easily accounted for. It was often noticed that soon after a large loan had been floated here, there was a great increase in our own exports thither. This meant that the proceeds of the loan were remitted to the borrowing colony in the shape of railway and other plant. When these loans ceased the exports were very materially affected; and as, of late years, the loans to these colonies, owing to a certain amount of financial distrust, had decreased, so the exports thither had not increased as they would otherwise have done. Such a condition of things was, however, only temporary, since it was well known that the resources of these colonies were very great. New Zealand, a colony which, in her borrowing days, was supposed to advance by leaps and bounds, had recently adopted a more conservative policy, for while between 1882 and 1891 the imports into that colony were on an average a little more than 12*l.*, and the exports over 13*l.* per head, in 1891 they were respectively upwards of 10*l.* and 15*l.* per head, the total imports for that year being $6\frac{1}{2}$ millions and the exports rather over $9\frac{1}{2}$ millions, showing an excess of exports of 3·07 millions. Finally he would remark that whereas London had been the great distributing centre of the world, the tendency now, thanks to the development of telegraphs and steam power, was to bring the consumer *en rapport* with the producer, under the belief that the charges of the so-called

middleman would thereby be saved. In pursuance of this policy strenuous efforts were being made on the continent to establish direct relations with the Australasian colonies, to the detriment of the great mother by whom, in their earlier years, their products had been so widely distributed.

Mr. JOHN GLOVER wished to congratulate Mr. Bourne on the tone of this paper, as he appeared now to have a better opinion of our prospects than he had held in 1877. Mr. Bourne had been responsible for a great deal of public anxiety, caused by his allegations concerning the enormous differences between our imports and exports, and the increase in our demands for foreign food, combined with a decrease in the demand of other countries for our products. Mr. Bourne at that time seemed to be afraid that a fall in wages was in store for us; but that had certainly not come to pass. His former papers, however, had done good in drawing attention to these matters, and he was glad to see that Mr. Bourne had modified his views. The late Mr. Newmarch, he recollected, used to express doubts of the accuracy of the returns of the values of exports and imports, and further inquiries had proved their inaccuracy. It had been shown that important deductions must be made from the value of the imports on account of freight, &c., and that additions must be made to the alleged value of the exports, so that the discrepancy had been very considerably reduced. To-night he was glad to see that the author agreed with this view that the imports were exaggerated and the exports understated, and that there were many things which, though not entering into the returns, had every right to be there. The figures relating to our trade with America were, he thought, among the most significant in the paper. It appeared that in 1873 our exports thither (of British produce and manufacture) were 33,500,000*l.*; in 1878 they had fallen to 14,500,000*l.*, and now they stood at 26,500,000*l.* It was one of the most astonishing features of international trade that our imports of raw cotton and food stuffs should go on increasing at such an enormous rate from a country which levied such heavy import duties. Early free traders would not have believed it possible that we should increase our purchases in a country under such circumstances. The fall in values to which Mr. Bourne alluded was not confined to this country; cost of production had decreased everywhere, and consequently the cost of human subsistence had also fallen. Though the English free trade policy was not followed by any single other country, yet it had been the means of lowering the price of food all over the world. The price of wheat in France and Germany was that of England *plus* the duty; and the Germans, in spite of three times raising the duty on corn, to the great benefit of their exchequer, had not been able to attain their object of protecting their own agricultural industry, owing to the unusual fall in the price of wheat. Mr. Bourne seemed to intimate that as the consumer gained, some one must be the loser by this fall in prices; but he (Mr. Glover) did not agree with him. Cheaper modes of production and of transport, the application of science in every direction,

the use of steam instead of manual power, all helped the producer as well as the consumer, and enabled profit to be made out of lower prices. No one evidently would carry on for any length of time a losing business. Mr. Bourne had referred in his former paper to the wonderful results which had followed the commercial treaty with France in 1860. Other nations had also then introduced the "most favoured nation" clause, under which we had derived great benefits. But now the exigencies of military expenditure in every State of Europe had obliged them to consider, not what was best for commerce, but what would help them to defray the enormous expenses to which they were at present committed, so that under the pressure of military requirements they had been forced to go back to protection. As an economist he frankly confessed that he saw very little hope of free trade being adopted abroad, until the wasteful military expenditure of the continental nations was greatly curtailed.

Mr. H. DEACON thought it might be necessary to deepen the pessimistic tone with which the paper was to some extent pervaded. He recalled three years of prosperity to our trade, 1853, 1863, and 1873, which were also years of European or American warfare. There was a distinct connection between our own prosperity and the fact that in those years our customers and those from whom we imported so largely had been engaged in warfare instead of manufactures. It had been truly said that much of the prosperity that marked recent years had been due to the loans made to the colonies and other countries, which had largely returned to us in export orders. It could not be satisfactory to think that our prosperity depended upon the accident of warfare and upon the degree in which our colonies were induced to increase their indebtedness. The increase in our external trade was also to a certain extent accompanied by a diminution of our native resources. This applied especially to coal, the exports of which increased rapidly, and at the cost of a corresponding impoverishment of the national store. A great proportion of the increase was also due to land going out of cultivation, in consequence of the unremunerative prices of agricultural produce, and the land itself, as a productive commodity, was hence depreciated in value. The policy pursued in past years certainly favoured the consumer; but the consumer was also a producer, and in that capacity he was greatly prejudiced. Natural justice required that the producer should have the first returns as the reward of his labour, risk, and capital. The new President of the United States, in his inaugural address, had drawn attention to the extravagance with which all classes in that country made away with their earnings. This implied that the protective policy of the United States had enriched the people, and the same thing held good in France. Was it not now time for us to shape our policy to the new circumstances that had arisen since Cobden and Bright inaugurated the great change, which at first conduced to great prosperity in this country? Wheat was now at 25s. a quarter, a price which Cobden ridiculed as a possible result of free trade. Again, it is to be noted that

this country is becoming more and more the chosen home of people of fortune, who are not themselves producers, but have large disbursements to make; this means an annual accession of strength to the home demand. Let us therefore be first solicitous to supply to the fullest extent this market at our doors, before going to the ends of the earth in search of foreign openings. He would very much like to see statistics bearing on the *internal* trade of the kingdom, which would show how much was supplied by home and how much by foreign industry, and it would then be for consideration whether people might not be gently persuaded by tariff regulations and patriotic feeling to favour home manufactures rather than foreign, without detriment, but the reverse, to the general prosperity.

Mr. A. E. BATEMAN said that the last speaker had suggested that free trade countries just now were more unfavourably situated in their trade than protective countries, but he would remind the meeting that we alone showed the present values of what we imported and exported. In other countries, a commission sat once a year, or less often, and fixed the prices at which the goods were to be valued for the annual trade returns, but the monthly trade accounts were calculated upon the values of a year or two ago. Our returns consequently showed the depressions in trade as they occurred, while those of foreign nations did not. A further point to be noticed was that, while there was a falling off in our exports of staple goods, there was an increase in the miscellaneous articles, especially in those which were of better quality. While the competition in goods of rough quality was increasing all over the world, the best things were mostly made in England, and year by year we sent to America a greater quantity of the more valuable commodities. We could not hope to supply the world with staple goods as we did fifty years ago, and our hope for the future lay in technical education, which would aid our manufacturers in producing choice articles which could not be made elsewhere.

Mr. F. HENDRIKS said, that comparing 1892 with 1891, it appeared that though there was a reduction in 1892 of the gross aggregate value of our exports and imports of about $4\frac{1}{3}$ per cent., yet by means of our imports we got 7,000,000*l.* worth more of goods at a diminished cost in 1892 compared with 1891 of 12,000,000*l.*, consequently the consumer was benefited to that extent. On the other hand, we got 12,000,000*l.* less for the diminished quantity exported in 1892. This seemed to indicate that our trade was about in *equilibrio* in 1892 as compared with 1891, according to Mr. Bourne's calculations. This afforded also an answer to Mr. Deacon, for if protectionist countries had been able to give higher prices than they actually did in 1892, we should not have lost so much on our exports; but it seemed that a low scale of remuneration for labour was just as prevalent in protectionist as in free trade countries. Low profits and low wages, and a corresponding lowering in the cost of food and other commodities, were applicable to almost all countries in equal ratio.

Mr. GEORGE SAMUEL said it did not follow that because the consumer gained the producer therefore lost. Mr. Bourne seemed to have overlooked the economic contradiction of exchange value and use value. As soon as the quantity of any commodity increased, it was evident that the use value increased and the exchange value fell. There had been an increase in productivity all round, and the only "loser" was unconscious nature. There had been no loss in exchange value; there had simply been an increase in use value, which, unequal distribution apart, had gone to the general good of the whole people.

Mr. STEPHEN BOURNE, in reply, said that he could not quite agree with Mr. Glover that he had raised unnecessary alarm by his paper in 1877. There was then a remarkable condition of trade which had not continued. He recollected being told at that time that no less than 400,000,000*l.* worth of American securities had been transferred from English holders to Americans within the preceding few years. At that time too the investments made by the English were being largely absorbed by the goods we imported, and thus the Americans regained a large proportion of the property held by us in that country. It must not be forgotten that while protection abroad was a considerable disadvantage to our home manufactures, yet we derived a large profit from the investment of English capital in these protected countries; indeed he was not sure that at the present moment the strength of protection in the United States did not lay among a large number of free traders in England. John Bright was said to have been keen enough to see this, and to reap a large profit from the establishment of a carpet manufactory. There were also several large ironmasters in England whose names appeared on the directorate of American companies. Thus much of the profit from protection there came to this country as the reward of our invested capital and labour, and he thought that we had to a certain extent benefited by the system. With regard to the statistics of bullion, he quite agreed with the Chairman in thinking them unreliable; the circumstances connected with the transport of bullion were such as promoted concealment. On one occasion he had found that a quantity of silver exported was valued in the returns at 2*s.* 6*d.* an ounce, at a time when the real value was 5*s.* On inquiry he had ascertained that freight was charged on bullion according to value, and not weight; the shipping company, owing to an agreement with another company, were precluded from accepting lower rates of freight, but had no objection to the owners under-rating the value on which it was charged. He had taken the year 1873 as a starting point in order to give the results for a clear twenty years, and the paper covered the whole period during which the present system had been in force. With regard to Mr. Glover's remarks concerning Mr. Newmarch, it might be pointed out that in drawing attention to the corrections to be applied to the official figures, he (Mr. Bourne) had preceded Mr. Newmarch and Dr. Giffen, and that his own paper had led to their investigations. The present fall in prices, he might

remark, did, in his opinion, necessitate some one's loss. He had been lately speaking with a gentleman who was a large subscriber to several philanthropic institutions, and who had complained that his income had fallen so low, in consequence of the remarkable fall in the price of cotton, that he had been obliged to diminish his contributions. He (Mr. Bourne) believed that when great changes in the price of articles took place, the loss fell not so much on the producer as on those who brought them from abroad, and on those who had a stock on hand at the moment. A large portion of the loss fell on the intermediary, and although the consumer might benefit, the person who supplied him suffered. Probably the ship owner also lost, as he could not get the same freight as before. Mr. Deacon had alluded to the loss of coal. On that subject he (Mr. Bourne) had ventured to disagree with Professor Jevons, and to point out that we were not called upon to reserve a store for our successors, though we were bound not to use it wastefully. Since then there had been a great economy in the use of coal on board steamers; the mineral had been found in large quantities abroad, and petroleum had to some degree superseded it. While the consumer had benefited so largely, wages had not been reduced, but had on the contrary increased considerably. It was a question for economists to consider how far this increase of wages would continue, and whether the large strikes and the enormous waste in drink were not driving away a large proportion of our trade. Generally speaking, it seemed that while more business was being done, yet the profits made were much smaller. Whilst thanking the meeting and the speakers for the appreciation of his paper, he could not at that late hour deal with many points on which he would like to have said something.