

# THE PRESENT TRADE CRISIS

Critically Examined.



BY

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LONDON :

EFFINGHAM WILSON, ROYAL EXCHANGE

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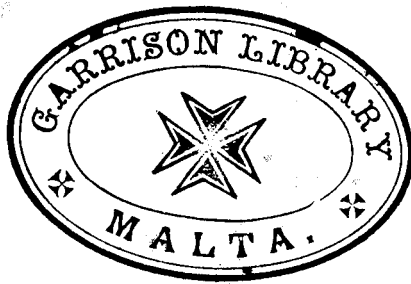
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## ERRATUM.

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



## PREFACE.

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

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

E. GARNET MAN.

LAMB BUILDINGS, TEMPLE,

December 10th, 1884.

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# THE PRESENT TRADE CRISIS.

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## CHAPTER I.

### PRESENT STATE OF TRADE.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

