

IS THERE REALLY
A WANT OF CAPITAL IN IRELAND?

A PAPER READ

BEFORE THE

STATISTICAL SECTION OF THE BRITISH ASSOCIATION,

AT

IPSWICH, JULY 3RD, 1851.

BY

W. NEILSON HANCOCK, LL.D.



DUBLIN:

Published for the Dublin Statistical Society,
BY HODGES AND SMITH, 104, GRAFTON-STREET.

1851.

Statistical Section of the British Association for the
Advancement of Science.

TWENTY-FIRST MEETING—IPSWICH, 1851.

PRESIDENT.

SIR JOHN P. BOILEAU, BART., F.R.S.

VICE-PRESIDENTS.

THE MAYOR OF IPSWICH.

LORD MONTEAGLE.

SIR CHARLES LEMON, BART., M.P., F.R.S.

JAMES HEYWOOD, ESQ., F.R.S.

MEMBERS OF COMMITTEE.

Hugh Adair, Esq. M.P.
Professor Allman, M.D.
Rev. E. Wyatt, Edgell.
Professor E. D. Friedlaender.
J. W. Gilbert, Esq.
T. S. Gowing, Esq.
John Hancock, Esq.
Thomas Hodgkin, M.D.
William Jerdan, Esq.

Captain T. L. Lewis, R.E.
J. C. G. Kennedy, Esq.
Bishop of Oxford.
A. Peckover, Esq.
Mark Phillips, Esq.
Lieut.-Col. Portlock, R.E.
Lieut.-Col. Sykes, F.R.S.
Robert Taylor, Esq.
Rev. William Whewell, D.D.

SECRETARIES.

PROFESSOR HANCOCK, LL.D.

JOSEPH FLETCHER, ESQ.

Dublin Statistical Society.

PRESIDENT.

HIS GRACE THE ARCHBISHOP OF DUBLIN.

VICE-PRESIDENTS.

THE EARL OF ROSSE.
THE BISHOP OF CORK.
MOUNTFORT LONGFIELD, Q.C. LL.D.

CAPTAIN THOMAS A. LARCOM, R.E.
REV. R. MAC DONNELL, D.D. S.F.T.C.D.
SIR ROBERT KANE.

MEMBERS OF COUNCIL.

JOHN K. INGRAM, F.T.C.D.
ROBERT BALL, LL.D.
JAMES HAUGHTON, Esq.
PROFESSOR ALLMAN, M.D.
JONATHAN PIM, Esq.
JAMES W. MURLAND, Esq.

REV. GEO. LONGFIELD, F.T.C.D.
CONWAY E. DOBBS, JUN. Esq.
EDWARD BARRINGTON, Esq.
RICHARD BARRINGTON, Esq.
WILLIAM HOGAN, Esq.
T. E. CLIFFE LESLIE, LL.B.

TREASURER.

GEORGE JOHNSTON ALLMAN, Esq., 5, Trinity College.

SECRETARIES.

PROFESSOR HANCOCK, LL.D., 40, Trinity College.

PROFESSOR HUSSEY WALSH, LL.B., Trinity College.

LIBRARIAN.

RICHARD D. WEBB, Esq., 176, Great Brunswick-street.

AUDITORS.

ARTHUR SHARMAN CRAWFORD, Esq. | MAZIERE J. BRADY, Esq.

BARRINGTON LECTURERS IN POLITICAL ECONOMY.

JAMES A. LAWSON, LL.D. | PROFESSOR MOFFETT, LL.B.

Is there really a want of Capital in Ireland? By W. Neilson
Hancock, LL.D.

There is no branch of political economy concerning which greater misapprehensions prevail than the subject to which I propose to direct your attention in this paper—I mean the subject of capital. If any of you wish to test the common opinions on this subject, I can suggest a very simple experiment. In any company of even well-educated men, ask each person in succession,—what is capital? and you will elicit a variety of opinion that on any trifling subject would be quite amusing, but on a matter of such vital importance is really startling. To this want of clear and settled ideas respecting the nature of capital is to be ascribed the prevalence of numerous fallacies on social questions, where the phenomena to be explained depend on a right conception of the nature and functions of capital.

The question respecting capital, to which I propose in this paper especially to direct your attention, is the following:—Is there really a want of capital in Ireland?

Of all the numerous theories that have been from time to time put forward to account for the anomalous state of Ireland, there is no theory that has enjoyed such popularity amongst public writers as the plausible one of want of capital. Its popularity has arisen, no doubt, from the circumstance that it is a very convenient theory for a shallow thinker. It enables him to get over every difficulty, and answer every question. Is it asked why are Irish mines unwrought?—the ready answer is, want of capital. Why are waste lands uncultivated?—Want of capital. Why are laborers unemployed?—Want of capital. Why are manufactures not prosperous in the south and west of Ireland?—Want of capital. Why are fish not caught?—Want of capital. And so of everything.

In order to investigate the question I have proposed, we must commence by fixing the meaning of the phrase—want of capital; and for this purpose I shall refer to some of the writers on Ireland, who are most frequently quoted as authorities for the theory I have referred to.

The first authority on this subject, quoted by Mr. Montgomery Martin, is the celebrated report of Mr. (now Sir George) Nichols, on poor laws, which immediately preceded the introduction of poor laws into Ireland. In that report, Mr. Nichols says:—"Ireland is now suffering under a circle of evils, producing and reproducing

one another. *Want of capital* produces want of employment—want of employment, turbulence and misery—turbulence and misery, insecurity—insecurity prevents the *introduction*, or accumulation of capital, and so on. Until this circle is broken, the evils must continue, and, probably, augment.” From this passage, it is plain that Mr. Nichols meant, by want of capital, a deficiency in the supply of capital; and there can be little doubt that, by “the introduction of capital,” he meant the introduction of English capital, to remedy the deficient supply which he supposed to exist in Ireland.

The next authority on this subject which I shall refer to is the “Letters of Mr. Campbell Foster,” who visited Ireland in the capacity of “Times Commissioner,” in 1845. He says (p. 30):—“The absence of capital tends to confine productive industry to the land. It is a law of nature that population increases, but that land does not increase. The land will yield but a certain amount of produce, which is limited; but the increase of population is unlimited. Being confined to the produce of the land for subsistence, an increasing proportion of that produce must necessarily be consumed as population increases, until, if allowed to go on, the whole amount of the limited produce is consumed by the increasing producers.” Then comes the passage which fixes the meaning of the phrase, absence of capital. “It is manifest that, from this cause amongst others, wealth cannot increase, nor capital accumulate, to afford other means of employment.” Now, it is plain that Mr. Foster believed that capital had not accumulated in Ireland, and that, under existing circumstances, it could not accumulate; and by the phrase, absence of capital, he meant that the existing supply and possible future supply of capital in Ireland were deficient.

But the writer who has placed the meaning of the phrase, “want of capital,” beyond all controversy, is Mr. Montgomery Martin. In his pamphlet entitled, “Ireland Before and After the Union,” (p. 85) he says:—“One of the great wants of Ireland is capital.”—“Capital is wanting to till the soil of Ireland, to clear its bogs, to convert its wastes into valuable flax fields, to drain its morasses and lakes, to render its water-power available for manufactures, to work its rich mines, to obtain from the ocean stores of food, to provide remunerative employment for labor, to secure peace, and to elevate the condition of Ireland.”

The want of capital Mr. Martin considers synonymous with a want of sufficient circulating medium, and of a well-organised banking system; and he thinks it the duty of government to assist in supplying this want. This proposal to remedy the want of capital by tampering with the standard of value, by increasing the amount of money—one kind of capital—shows that what Mr. Martin wanted to act on was the supply of capital; and, consequently, that the meaning he must have attached to the phrase “want of capital,” is a deficiency in the supply of capital.

The question, then, which I have stated—Is there really a want of capital in Ireland?—means, in the language of political economy,

Is there a serious deficiency in the supply of capital in Ireland, in proportion to the demand for it? That there is such a deficiency in the supply of capital is the proposition maintained by Sir George Nichols, Mr. Campbell Foster, Mr. Montgomery Martin, and a host of less notable writers on Ireland.

Having thus determined the exact meaning of the question at issue, I have next to direct your attention to some very erroneous views that have been put forward in discussions on this question, and which, in fact, arise from total misconceptions of the nature of capital. The views to which I refer are the following:—That capital is synonymous with money; that capital is accumulated labour; that labour is capital; that land is capital. You may notice these opinions in such sayings as, "Irish capital is drained away by the export of bullion to pay for foreign commodities;" and, "It is idle to speak of capital being deficient in Ireland, where labour and land are so abundant."

The notion that capital is synonymous with money, is a remnant of the error of considering gold and silver as the only kind of wealth—on which error, you are aware, the mercantile theory of wealth is founded. This fallacy has been so fully exposed by Mr. Mill, in his "Principles of Political Economy," (b. 1, ch. 4, s. 1,) that I shall not occupy your time with going over the same ground.

The error of speaking of capital as accumulated labour, requires more consideration; for some economists of reputation have fallen into it. Capital really consists of commodities reserved from immediate consumption for future consumption, whether that be in the process of enjoyment or of production. Whenever that reservation or saving is wisely made, the person who exercises the saving or abstinence derives an advantage from his conduct, either in the shape of increased enjoyment to himself, or of profit from some one who purchases from him the commodities or the result of their consumption. Capital consists, therefore, not of accumulated labour, but of accumulated *commodities*; and all commodities are the products, not of labour alone, but of labour and natural agents, assisted by abstinence. So that capital is really the accumulated results of all the instruments of production, and not of one of them only. A homely illustration will show the absurdity of calling capital accumulated labour. If we mix lime, sand, and water together, by a well-known process we form a substance that is known in common language as mortar. Now, in a treatise on architecture, would any good purpose be served by a writer who persisted in calling mortar building-lime or building-sand, instead of being content with the common phraseology?

As to the opinion that labour is capital, you will find this put forward by Sir Robert Kane in his very able work on the "Industrial Resources of Ireland." "There is," he says, "another circumstance so popularly counted on as a most material obstacle to the development of industry in Ireland, that I cannot leave the subject without briefly adverting to it—that is, the want of capital.

England has capital—Ireland has not ; therefore, England is rich and industrious, and Ireland is poor and idle. But where was the capital when England began to grow rich ? It was the industry that made the capital, not the capital the industry. An idle or ignorant man will lose his capital, where an active and intelligent man will create a capital. We leave our fields in barrenness, our mines unsought, our powers of motion unapplied, waiting for English capital. *Labour is capital—intelligence is capital*; combine them, and you more than double your amount of capital. With such capital England commenced, as Ireland must commence ; and once that we have begun and are in earnest, there will be no lack of money-capital at our disposal." (p 388.)

Now, without making any verbal criticism on this passage, I may at once state that the fundamental notion of capital is, an article of wealth distinct from labour and natural agents. Labour, so far from being capital, would be almost powerless as an instrument of production, without the existence of food for the labourer's support, and instruments for his use, which form two large classes of capital. To take the common case of agricultural production : the land must be prepared in spring with ploughs and harrows, or with spades ; the seed corn must be in existence ; the labourers cannot wait till harvest for their dinner—each day they must have food supplied to them ; nay, more, they must be clothed ; the clothes must be made of wool, or flax, or cotton ; hence sheep must have been fed, and flax and cotton grown in previous years. So that in any state of society with which we are acquainted, production is never carried on by labour alone, but labour is always necessarily assisted by the use of commodities saved from consumption by some one, and ready to be used as capital. This assistance which capital gives to labour cannot be dispensed with—cannot be supplied by any extra amount of labour. During the recent famine, when land was lying untilled, and labour unfortunately but too abundant, what cruel mockery it would have been to tell the starving labourer who wanted capital in the shape of food to sustain him until harvest, that it was idle for him to speak of wanting capital, as labour was capital, and that by using part of his labour as capital, he might employ the rest in cultivating his land.

Again : to say that land is capital, is as 'great a confusion of language as to call labour capital. The possession of land does not enable a proprietor to carry on the work of production without the assistance of capital. Labourers cannot eat one field while they are cultivating another ; they cannot use land as a spade or a plough. So that if a proprietor had land and labourers only, but no food, no agricultural implements, he would find it impossible to raise a grain of produce. When land is fertile or improved, and by the increase of wealth and population has come to possess permanent value, the ownership of land gives a man the means of easily obtaining the loan of capital from others on moderate terms.

This case, no doubt, gave rise to the fallacy I am referring to. But still it is a great error to confound the means of obtaining capital, with capital itself.

This fallacy is sometimes put in its extreme form when it is said that waste land and uncaught fish are capital, as has been said by an Irish writer* of no small reputation. Such an abuse of scientific language is about as great as if a chemist said that, after all, oxygen was hydrogen; or a mathematician said that triangles were circles; or a metaphysician said that a man's intellect was his conscience.

These errors respecting the consideration of labour and land as capital are not mere verbal mistakes, which only pedants would correct—they involve the most serious, scientific, intellectual, and moral evils. In the first place, there cannot be any duty more plain than that which is incumbent on a scientific writer, to make himself tolerably acquainted with the established nomenclature of every science, the principles of which he has occasion to use in his investigations. Now, in political economy, one of the chief results that has been established beyond all controversy is the analysis of the price of a commodity into three component parts—wages, profit, and rent—founded on the distinction of the instruments of production into three classes, comprised under the scientific terms labour, use of capital, and land; or, in the language of Mr. Senior, “labour, abstinence, and natural agents.” Pursuing this distinction, the theories of wages, profit, and rent have been investigated and discovered. When the language of a science has been thus completely established, those who disregard the distinctions that have been settled, such as between capital, labour, and land, must be considered as exhibiting either very great ignorance or carelessness, or else as being actuated by a wilful desire to mislead by a confusion of scientific terms.

The intellectual evils of the error I am referring to are also serious. A writer commencing with such a confused idea of the social phenomena to be explained, as the use of this language implies, puts a complete barrier to his own successful investigation of the subject, and places his readers under a serious disadvantage for exercising the natural powers of their understanding, for the difficulty of the subject is increased by the confusion of the scientific language adopted in discussing it.

The moral evils of the error of confounding labour and land with capital are equally great; for this error has led to the most unjust attacks upon the character of the poorer classes of our fellow-subjects. Thus, when the amount of labour so far exceeds the demand for it that the small holders of land find it difficult to get employment—in other words, when there is plenty of labour unemployed—when the tenure of land is so precarious that these tenants can raise no capital on the security of their farms—they

* Mr. Butt, in his “*Protection to Native Industry.*”

have been flippantly told that they do not want capital, for labour is capital, and land is capital, that they have both of these in abundance; and, consequently, that their bad cultivation does not arise from any cause but their own indolence.

The readiness with which such sweeping charges against large classes of our fellow-men are received and acquiesced in, is disgraceful to our hearts as well as our understandings. The most conclusive proof that the poorer classes of our fellow-subjects would save, if their wages were high enough to enable them to do so, is afforded by the large remittances sent by them to their relatives when they come to England for harvest or railway work, or when they emigrate to the United States of America. Public attention was, I believe, first called to this subject by Mr. Murray, who has been so long chief manager of the Provincial Bank in Ireland. In his letter to Sir Robert Peel, published in January, 1847,* he says:—"The remittances from Irish emigrants in America have been annually increasing for the last ten years, until they have attained their present numbers and amount." Again, in referring to the Appendix, containing the particulars of the remittances that had come under his observation, he says:—"These figures are large, powerfully large in reading lessons of instruction to the statesman and philanthropist, in dealing with a warm-hearted people for their good, and placing them in a position of comparative comfort to that in which they now are. These figures represent the particulars of 7,917 separate bills of exchange, varying in amount from £1 to £10—few exceeding the latter sum—so many separate offerings from the natives of Ireland who have hitherto emigrated from its shores, sent to their relatives and friends in Ireland, drawn and paid between the 1st of January and 15th of December, 1846, not quite one year, and amount in all to £41,261 9s. 11d."

Mr. Murray then proceeds to estimate the total amount of such remittances, through all channels, for one year, as 24,000 in number, and amounting to £125,000. They have been estimated by the New York correspondent of the *Times* at £160,000; and by the late Mr. Jacob Harvey, from careful investigations at Baltimore, Philadelphia, and New York, at one million of dollars, or £200,000. "These offerings," says Mr. Murray, "are sent from husband to wife, from father to child, from child to father, mother, and grand parents, from sister to brother, and the reverse, and from and to those united by all the ties of blood and friendship that bind us together on earth."

These remittances prove not only the conclusion favourable to the character of the people that Mr. Murray has drawn from them, but prove also 24,000 distinct acts of saving—of accumulating capital—by the very humblest class of Irishmen in the United States. With such facts before us, how vain is it to account for the present state of Ireland by the notion that these very men want

* "*Ireland, its Present Condition and Future Prospects*," p. 14.

the disposition to save, and that such is the inherent inferiority of their character, that it is hopeless to do anything for them or with them.

Having thus removed all grounds of ambiguity as to the meaning of the question,—“Is there really a want of capital in Ireland?” and having noticed some of the erroneous theories on which answers to it have been founded, I propose to state to you the mode of determining this question which seems to me at once simple and conclusive. We may state it thus:—How can we ascertain whether the supply of capital in Ireland has been, during the past quarter of a century, really deficient in proportion to the demand for it?

The tests which economic science suggests for this purpose are very simple, but at the same time very clear. The relative scarcity of capital in any country can be ascertained, first, by observing the exports and imports of capital, and, secondly, by observing the changes in the rate of profit.

The first and most obvious method of ascertaining whether the supply of capital be deficient or not, is by observing whether capital be exported or imported. It must be manifest to every intelligent person that a large export of capital implies that there is no deficiency of it before the export takes place. A large import, on the other hand, implies that the supply, however abundant before, was not too great in proportion to the demand for it. Now, with respect to Ireland, we have the most conclusive evidence, extending over a period of a quarter of a century, that in that species of investment where the rate of profit is naturally lowest—the public securities of the United Kingdom—the capital exported from Ireland has exceeded the capital imported by a very considerable sum indeed.

Several writers have directed attention to this important indication of the state of our supply of capital. Thus Mr. Stanley, now secretary to the Irish Poor Law Commissioners, in the very able essays on Ireland which he wrote in 1831, and which obtained the Cloncurry prizes, gives the transfers of stock from England to Ireland, and from Ireland to England from 1824 till 1831, as follows:—*

“In 1824 a law was passed for transferring Government stock from London to Dublin to meet the demand for securities, and put an end to the trouble created by Irish accumulators being obliged to invest in London, and have the dividends remitted to them.

“The transfers are as follows:—

	From England.	To England.
1824	£2,172,961	£27,652
1825	3,536,888	254,323
1826	1,672,643	839,631
1827	524,186	1,199,235
1828	1,364,030	756,452
1829	1,151,808	758,122
1830	2,065,219	1,373,033
1831	1,311,650	515,646
	£13,799,385	£5,724,094”

* *Commentaries on Ireland*, p. 228.

These figures show an export of capital at the rate of £1,000,000 a year for eight years.

Again, Sir Robert Kane, in his "Industrial Resources" (p. 389), published in 1844, notices the same point. Thus he says—"That capital of great amount does truly exist in Ireland, available for industrial uses, if the owners had the taste therefor, is certain. More than two millions of Irish capital is transferred every year to England in purchase of English Government Stock. Many of the English Railways have a numerous Irish proprietary. With such facts it is useless to say we have no capital."

Again, this point about the export of capital is noticed by Dr. Longfield, in the appendix to his address to the Dublin Statistical Society, published in 1849. In that appendix he has treated with his usual ability the whole subject of the mode of estimating the amount of wealth in Ireland, but I shall quote only the passage relating to the point I have been referring to:—

"The next item to be considered is the amount of funded property held by residents in Ireland. The only guide to this is the value of the funded property on which the dividends are paid at the Bank of Ireland. There is no real distinction between the English and Irish funds. It is all one national debt, but the dividends are paid in the Bank of England or the Bank of Ireland, according to the will of the holders, who may, according to their pleasure, without any expense, transfer their stock from one country to the other. Such transfers are almost daily made, and it is reasonable to conclude, that the stock on which the dividends are paid in Ireland is the property of Irishmen. Now, the blue books give the following returns of the transfers of stocks to and from Ireland during several years, ending the 5th of January in each year.

Year ending 5th January.	Transfers to Ireland.	Transfers from Ireland.	Balance.
1840	£934,964	£297,540	£637,424
1841	603,459	592,182	11,277
1842	652,036	462,083	189,953
1843	1,825,304	869,137	956,167
1844	1,540,373	516,578	1,023,793
1845	1,459,597	326,439	1,133,158
1846	1,834,630	196,801	1,637,829
1847	1,350,547	245,881	1,104,666
1848	2,644,854	1,384,482	1,260,372

"This balance in favour of Ireland is an increase of Irish wealth to that amount. It also shows that in Ireland *capital is not so much wanted* as the means of employing it, since every year there is a steady flow from Ireland to England of capital seeking for investment."

To complete the information given by Dr Longfield, I have referred to that most valuable collection of information, the Statistics of Ireland, in the almanac of Mr. Thom for the present year, and I find the transfer of stock as follows:—

	To Ireland.	From Ireland.		Balance.
1849	£1,990,949	£1,693,578	To Ireland	£297,000
1850	1,161,518	1,972,276	From „	810,000

Thus it appears that in the purchase of stock alone there was a steady export of capital from Ireland from 1839 to 1848; and that in 1849, for the first time for 10 years, there was an export of stock and an import of capital.

There is, however, another table given by Mr. Thom, that indicates very clearly the result of this continual flow of capital from Ireland to England for investment. It comprises the amount of stock in the public funds in Ireland, held by the Court of Chancery, by absentees, and by actual residents in Ireland,

And the result is as follows:—

Court of Chancery in Ireland	...	£3,969,437
Parties residing out of Ireland,	}	3,151,151
paying Income Tax		
All other parties, which may be	}	30,942,279
taken to mean residents in Ireland		
Total		£38,078,787

When it thus appears that Irishmen have £38,000,000 of public securities, at $3\frac{1}{4}$ per cent, which can at any moment be converted into capital, it is certainly preposterous to assert that the supply of capital in Ireland is deficient in proportion to the demand for it.

If any really safe and remunerative opportunity be afforded for employing this £38,000,000 productively in Ireland, the capitalists will be very ready to sell out of the funds and employ their capital in a more profitable manner. The parliamentary title of the Incumbered Estates Commission has afforded such an opportunity, and Irish capitalists have not been slow to take advantage of it. Up to the first of November last, upwards of £1,000,000 was invested in the purchase of estates, and £750,000 was actually paid up to that period.

The existence of this large amount of property in the hands of Irishmen explains the fact that has been much commented on, that few Englishmen have purchased at the sales of incumbered estates. Out of 587 purchasers, the commissioners estimate that only thirty were Englishmen and Scotchmen. It shows, too, that the prices at which property has been sold have not been diminished by want of capital.

Of the four millions of funded property locked up in the Court

of Chancery, a considerable part will be set free by the properties being gradually taken from under its management by the sales of estates. Were the proceedings in that court simplified and accelerated, a still larger portion of this funded property might be emancipated from its present position of being incapable of conversion into productive capital.

Before proceeding to consider the second test of the supply of capital, I must notice an answer that is frequently given to the facts I have noticed respecting the export of capital. It is said, capital is no doubt abundant before it is exported, but after it is exported Ireland is badly enough off. This drain of capital is the very thing complained of—capital is drained out of the country. Now, the whole force of this argument is in the word *drain*, and the inference is founded on the analogy of water drained from a higher to a lower level. But I may at once warn you that nothing is more dangerous in scientific investigations than using analogy as a proof. Analogy is most useful in suggesting proofs, and in illustrations; but it proves nothing.

In this case it happens that the laws by which capital is distributed throughout the world, and the forces by which its transfer from country to country is effected, are quite different from the laws and forces which make water flow from a higher to a lower level. No matter how great the demand for water at the higher level, if the drain be once made the water never runs up a hill to supply that demand. If capital, on the other hand, be suddenly withdrawn from a place where there is a real demand for it, the rate of profit rises in proportion to the intensity of that demand; and if capital be suddenly brought to a place where there is already a sufficient supply, the transfer lowers the rate of profit there in exact proportion to the small want there is of it; and the differences thus created in the rates of profit in the two places operate as a most effectual bounty or force to bring the capital back to where it is wanted. The exports of capital I have referred to were merely the balances of an immense number of transactions, some exports, and some imports, which shows the absurdity of reasoning from the case of a drain, as water is never running both ways at the same time, nor in drains does the water run both up and down—sometimes the one way and sometimes the other.

By the law that I have indicated, the distribution of capital throughout the world is so regulated that it never can be entirely wanting in any country, and never can be even slightly deficient, save where the folly and presumption of man have placed a barrier to its free transmission, and there is no such barrier between England and Ireland. This law indicates at once the supreme wisdom and beneficence of the Author of our being, in placing the supply of such an essential of production as capital so far beyond the reach of human interference. How vain, therefore, is it for man to ascribe the poverty and the neglected resources of Ireland—that arise from the prevalence of dishonesty, from defects in the laws, and

from other causes within our power to remove—how vain is it to ascribe such calamities to a cause that not only has no existence, but that can have no existence!

The second test to which I propose to direct your attention, affords a more perfect and a more complete mode of ascertaining the exact proportion of the supply of capital to the demand for it—it is by observing the changes in the rate of profit.

The clearest conception of the pure rate of profit, free from all consideration of wages of superintendence, and insurance against risk, is the price of the assistance of capital, or price of abstinence. This price, like the prices of other commodities, depends on the demand and the supply. It is impossible, therefore, to have a deficiency in the supply of capital, as compared with the demand for it, without having at the same time a high rate of profit. In this way the rate of profit affords a perfect criterion by which to test whether the supply of capital be deficient or not.

Now, those who maintain that Ireland is suffering from a want of capital, always contrast this want with the abundance of capital in England. In fact, the great policy of the advocates of this theory is to regenerate Ireland by the introduction of English capital; so that the want of capital in Ireland will be disproved, if it can be shown that the supply of capital in Ireland bears the same proportion to the demand for it that it does in England. But this can be conclusively established, for it is capable of clear proof that the rate of profit in Ireland has not differed from the rate of profit in England, by any considerable amount for the last quarter of a century.

In any countries where the stability of the public securities is so great as in the United Kingdom, and where those securities are transferable with so little trouble and expense, the rate of interest received by parties purchasing stock is the simplest and most perfect measure of the rate of profit at any time. At the present price of the consols in Ireland ($96\frac{3}{8}$), the rate of profit is a little above 3 per cent.; and as the price in England is $97\frac{1}{8}$, it follows that the rate of profit there is almost the same. Now, for the last twenty-five years the difference between the prices of the funds in Dublin and London has been so slight, that the difference between the rates of profit has never permanently varied by any appreciable amount. It follows, therefore, that the supply of capital in Ireland, in proportion to the demand for it, has been during all that time practically the same as the supply of capital in England, in proportion to the demand for it there.

Some parties may attempt to weaken the force of this proof by appealing to the 6 per cent. usually charged on Irish mortgages, and the 5 per cent usually charged in England, or to the usury laws having 5 per cent as the limit in England, and 6 per cent in Ireland. This objection has been completely answered by Dr. Longfield, in the appendix to his address, to which I have already referred.

"The steady flow from Ireland to England of capital seeking for investment, proves that the real rate of interest is not higher in Ireland than in England; the apparent difference is caused by irregularity and uncertainty of payment, occasioned by the state of the law and the habits of the country."

The additional one per cent. charged on Irish loans was not a rise in the amount of pure profit, but was wages for trouble and insurance against loss arising from the risk of delay and ultimate failure, which the records of the Court of Chancery and the Incumbered Estates Court show in many cases not to have been miscalculated. It follows, therefore, that whether we observe the export of capital or the rate of profit, we arrive at the same conclusion—that there is not really any want of capital in Ireland.

And this conclusion, gentlemen, is no idle criticism on language, no quibbling as to the meaning of words: it is a great truth in social science, pregnant with the most valuable results to those who believe it and act on it.

Some of these results I shall indicate as suggestive of future thought and investigation.

We learn, in the first place, the utter futility of all plans, like Mr. Montgomery Martin's all-sufficient circulating medium, for improving the condition of Ireland by tampering with the standard of value.

We learn, in the second place, that, however deficient capital may be amongst many of the pauper tenantry and incumbered landlords, the scanty application of capital to the cultivation of land in Ireland does not arise from any deficiency of capital amongst Irishmen.

We learn, thirdly, the childish absurdity of supposing that estates cannot be bought, land cultivated, or any good done in Ireland without the introduction of English capital and English capitalists.

And we learn, lastly, to look beyond the superficial theories of the past to account for this remarkable state of Ireland—that there are thousands of able-bodied labourers unable to get employment, thousands more on scanty wages of 6d. and 8d. a-day, millions of acres of improveable land lying wholly waste, millions of acres badly cultivated, whilst more than 20,000 capitalists, all Irishmen, find it for their interest to lend £38,000,000 at $3\frac{1}{4}$ per cent. to the government of the richest country in the world.