CANADA'S TRADE AND THE TRADE BALANCE

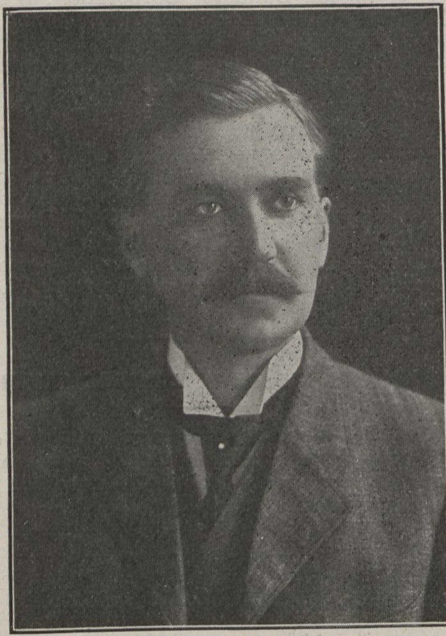
Minister of Finance White Presents Some Interesting Figures of Our Commerce and Hints at an Illusory and Misleading Theory

Fiscal year.	Total imports.	Total exports Canadian and foreign produce.	Aggregate trade.	Percentage of value of imports with aggregate trade. %
1908	$370,786,525	$280,006,606	$650,793,131	56.97
1909	309,756,608	261,512,159	571,268,767	54.22
1910	391,852,692	301,358,529	693,211,221	56.52
1911	472,247,540	297,196,365	769,443,905	61.37
1912	559,320,544	315,317,250	874,637,794	63.94
1913	691,943,515	393,232,057	1,085,175,572	63.76

Now that Canada has entered a period of comparative quiet, due largely to the world-wide money stringency, financial critics are turning attention to the trade balance. How it has moved during the past few years is seen at a glance in the above table, showing the total trade of Canada with all other countries, including coin and bullion.

During the past three years, the percentage of the value of imports to the aggregate trade has materially risen and in 1912-13 represented nearly sixty-four per cent. of the total trade. This condition has called forth criticism on the part of some who put forward the view that if imports continue greatly to exceed exports a country may expect to be drained of its gold in order to meet its international obligations.

This question, The Monetary Times proposes briefly to



HON. W. T. WHITE, FINANCE MINISTER,

Who Recalls that the Adverse Trade Balance Theory Has Frequently Been Proved Illusory and Misleading.

discuss in these columns next week. In the meantime Hon. W. T. White, the Minister of Finance, has put on record some significant facts and figures respecting the trade position.

Often Proved Illusory.

"Without attempting to deal the balance of trade theory," he says, "which has so frequently been shown to be illusory and misleading, it may be pointed out that in five years our total exports have grown from $280,000,000 to $390,000,000, and that while our imports have increased in greater degree, explanation is to be found in the fact that during this period of rapid material development and national progress a vast amount of capital expenditure has been and is being made upon railway construction and equipment by our three transcontinental systems, upon great public works and undertakings, in industrial and commercial enterprise and in municipal services and improvements to meet the needs of rapidly growing communities.

Era of Construction.

"That is to say, we are in the era of the construction of railways and great national works, and our cities have been growing so rapidly in population and area that the public needs have greatly increased, with the result that they have had to make large expenditures of a capital nature upon their various public services. The greater portion of the funds required for this capital and productive expenditure has been borrowed from the British public by the Government of Canada, by the several provinces and by cities and towns, and railway, industrial and other corporations. The money so borrowed has come to Canada not in the form of cash or gold, but in importations of commodities and of materials from Great Britain or elsewhere. In addition to this we must bear in mind the important fact that the stream of immigration coming to our shores from year to year, while bringing sufficient capital for its temporary maintenance and adding to our consumption, does not immediately become a producing element in the community. In the light of these considerations it would appear that the apparent adverse balance of trade is due to causes making for the development of the Dominion, and need be the occasion of no anxiety."

Trade with Great Britain.

Here is a statement showing imports and exports, establishing the fact that the United Kingdom has shared in the marked expansion of our trade in recent years:—

Fiscal year.	Imports for consumption from United Kingdom.	Exports to the United Kingdom, Canadian and foreign produce.	Aggregate trade.
1908	$ 94,417,314	$134,477,124	$228,894,438
1909	70,682,101	133,745,123	204,427,224
1910	95,336,427	149,630,488	244,966,915
1911	109,934,665	136,962,971	246,897,636
1912	116,906,212	151,833,379	268,739,591
1913	138,652,198	177,982,002	316,634,200

For the past six years, with the exception of one year, 1909, when there was a temporary retrogression, there has been a steady advance in the aggregate trade between Canada and the Mother Country. Whereas the amounts of increase for the period covered in imports and exports are nearly the same, namely; $40,000,000, in each case the percentage of increase in imports is greater than of exports. This is due partly to the considerations mentioned by Mr. White as to national expenditure upon capital account, and partly owing to the increased demands of the home market for the products of mixed farming, especially that class described as animal products, such as bacon, poultry, cheese, butter and eggs. There is scarcely anything more indicative of the increase in the demands of the home market than the falling off that has taken place in the exports of some of the principal items under the heading of animal products, such as butter, eggs, and bacon.

Trade With the United States.

Of greater volume than our trade with the United Kingdom, and particularly as showing market increase in imports, the statistics of our commercial dealings with the United States:—

Fiscal year. (Merchandise).	Imports for consumption from United States.	Exports to the United States, Canadian and foreign produce.	Aggregate trade.
1908	$204,648,885	$ 96,920,138	$301,569,023
1909	170,056,178	91,022,387	261,078,565
1910	217,502,415	110,614,327	328,116,742
1911	274,844,858	112,208,676	387,053,534
1912	330,428,502	112,956,295	443,384,797
1913	435,783,343	150,961,656	586,745,018

Thus it will be seen that our total trade with the United States has doubled in the past six years, but it will be ob-