

THE COURSE AND PROSPECTS OF AMERICAN FOREIGN TRADE.

THE BALANCE OF TRADE FROM THE UNITED STATES STANDPOINT.

The development of the United States for many years has progressed until trade and financial conditions have been created in that country whose growth has been of unprecedented magnitude. The "London Times" recently referred to these mercantile and financial conditions as having in them elements of grave danger. Trade was alleged to be expanding too rapidly; the basis of it was not sound; a superstructure was being reared upon an inadequate financial basis. The repeated monetary flurries of last year and similar disturbances in the New York money market early this year have been adduced as indications of financial unsoundness; of credit being over-strained; of the resources of the country not being sufficient to justify the vast developments of mercantile enterprise which have occurred in recent years. If this is an accurate representation of the situation and outlook in the United States it is a matter of extreme gravity, for such phenomena, if they exist, foreshadow a financial convulsion on a scale to disturb the money markets of the world.

Such a vast aggregation of capital as is shown by the first annual report of the United States Steel Corporation, with its capital of \$1,018,583,600, and its bonded and debenture debt of \$360,754,326, is doubtless calculated to inspire the deepest anxiety, for the collapse of such an enterprise would be a colossal disaster which would precipitate a panic that would fulfil the gloomy forecasts of those who are so fearful of America's future. But, on the other hand, it is confidently affirmed that, were such conditions to arise as would have ruined the individual enterprises combined in the United States Steel Corporation, if they had been left isolated and independent, such is the financial strength of those conducting that combine, or aggregation, that the storm would pass over it without doing any serious damage. Thus it is held that, a vast organization such as the Steel Corporation and others, which, not unnaturally, inspire anxiety as to the terrible consequences liable to result from their collapse, are really a protection to the mercantile interests of the country against such widespread disasters as periodically occur in the realm of business. Though analogies are not conclusive arguments they are, at least, helpful in illustrating the result of similar conditions. In the fishery industry on the east coast of England large vessels have been introduced to displace the small fishing smacks. In consequence of this such storms as wrecked small boats wholesale, now are weathered by the large craft with safety and few losses. So the vast consolidations of capital may be, as is claimed that they are, with much reason, rather an element of protection

than a danger to the national credit when times are adverse and small enterprises are breaking down under the strain. The mere element of size is not necessarily a source of danger in the organization of commercial enterprises, nor are huge monopolies essentially dangerous to national credit, nor are they a novelty of these days, as is so commonly thought. One of the hugest trade organizations and monopolies ever known was that of the East India Company, which was founded in 1600, and its wealth and resources may be judged by its having, in 1693, disbursed about \$500,000 in corruption to secure a renewal of its Charter. This one company, which was really a "Combine," for two and a half centuries controlled the trade of England with the East Indies. The vastness then of a Corporation is not *per se* a menace to the stability of credit; the danger with it, as with smaller firms, is in its conducting an unprofitable trade and filling up the gaps made by losses in its capital by borrowing more and more capital. We have dwelt at some length upon this feature in the trade situation in the States because it is assumed by prophets of evil that the enormous aggregations of capital in industrial enterprises are, of themselves, from their very size, essentially an element of serious danger to the stability of American credit.

A view may now be taken of the course of the foreign trade of the United States during the last 20 years:

Year.	Exports.	Imports.	Excess of Exports over imports.
1882.....	\$750,542,000	\$724,639,000	\$25,903,000
1883.....	823,840,000	723,181,000	100,659,000
1884.....	740,513,000	667,597,000	72,916,000
1885.....	742,200,000	577,527,000	164,673,000
1886.....	649,624,000	635,436,000	44,088,000
1887.....	716,183,000	692,319,000	23,864,000
1888.....	695,954,000	723,957,000
1889.....	742,400,000	745,131,000
1890.....	857,828,000	789,310,000	68,518,000
1891.....	884,480,000	844,916,000	39,564,000
1892.....	1,030,278,000	827,402,000	202,876,000
1893.....	847,665,000	866,400,000
1894.....	892,140,000	654,994,000	237,146,000
1895.....	807,538,000	731,970,000	75,568,000
1896.....	882,607,000	779,729,000	102,878,000
1897.....	1,050,993,000	764,730,000	286,263,000
1898.....	1,231,482,000	616,049,000	615,433,000
1899.....	1,227,023,000	697,148,000	529,875,000
1900.....	1,394,483,000	849,941,000	544,542,000
1901.....	1,487,765,000	823,172,000	664,593,000
1902.....	1,355,481,000	969,270,000	386,211,000
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Increase 1902 over 1882.....	\$604,939,000	\$244,631,000	

The above record is certainly a marvellous exhibit of trade development, and a healthy one for a country under such conditions as those that have ever existed and still are maintained in the United States. That nation since its career opened has been engaged in developing its natural resources. Its energies and capital have been engaged in bringing its imperial sized territory under cultivation, in providing for the needs of a population that was increasing beyond all precedent, in building railways,