

the British Inspector General of imports and exports wrote, "The common mode of considering the balance of trade question has been to set off the value of the imports, as officially published, against the value of the exports, and the difference between the one and the other has been considered the measure of the increase, or decrease of the national profit." The idea expressed in these two statements is still alive as is shown by an excess of exports being styled a *favourable* balance of trade and an excess of imports an *unfavourable* balance, the fact being that, besides the balance between imports and exports of articles of trade, there are other features in a country's foreign business which make for its prosperity or otherwise than balances between its imports and exports of articles of trade as shown by official returns.

In the first place the prices of goods registered in the export and import returns only partially represent the cost of such goods to the foreign buyer. When, for instance, an English produce merchant buys goods in Canada for export to England he does not bargain for those goods to be laid down in his store, or warehouse free of all charges, all of which over the selling price are to be included in the export figures. Between the time such goods leave a factory, or farm in Canada and their being delivered at the buyer's place of business in England, there have been charges incurred for land and ocean freight, insurance, etc. These charges make an enormous aggregate which is not shown by the official returns. So with English and all other goods imported into Canada, the cost of which is not only increased by freight and insurance but by Customs duties.

Our exports to Great Britain are not wholly consumed in the old land, considerable quantities are often re-exported, and of the goods sent from Great Britain here, a large volume of them have only passed through England in transit from foreign countries. Hence the official returns of the value of imports and exports are very imperfect, they are too partial to constitute a correct basis for the figures showing the "balance of trade," between one country and another, or between one country and all others with whom its people have commercial dealings.

This phase of defect or imperfection applies only to manufactured goods, natural products and raw materials. Another important element in the economic relations of different countries is the continuous outflow and inflow of securities, and other documents of monetary value, as letters of credit, bills of exchange, money orders, money in various forms, and those under which the goods entering a foreign part are transferred for re-shipment to another country. All these documents and valuables represent imports and exports as truly as the entrance and outgo of such goods as are officially registered as such in the trade returns.

To show how imperfectly the mere trade state-

ments of imports and exports represent the fiscal, the economic relations of this country with other countries we give a few statements adapted from the Trade and Navigation Tables of this Dominion:

	Total exports from Canada 1873 to 1904.	Total imports into Canada 1873 to 1904.	Excess of exports over imports.	Excess of imports over exports.
	\$	\$	\$	\$
G Britain.	2,014,271,000	1,402,606,000	611,665,000	.....
U. States..	1,397,864,000	2,046,074,090	.....	648,210,000
France....	20,870,000	89,618,000	.....	68,748,000
Germany..	24,306,000	125,440,000	.....	101,134,000
Spain.....	2,340,000	14,537,000	.....	12,196,000
Portugal..	4,135,000	2,122,000	2,013,000	.....
Italy.....	4,894,000	6,891,000	.....	1,997,000
Holland...	5,649,000	12,375,000	.....	6,726,000
Belgium..	16,245,000	30,434,000	.....	14,189,000
Newfoundland	62,901,000	22,606,000	40,295,000	.....
W. Indies..	101,360,700	89,111,000	12,249,000	.....
S. America	40,921,000	29,988,000	11,033,000	.....
China and Japan...	7,953,000	61,079,000	.....	53,126,000
*S'zerland.	.....	10,162,000	.....	10,162,000
*usAtralia..	24,479,000	.....	24,479,000	.....
Other coun- tries.....	38,989,000	41,864,000	.....	2,875,600
Totals.....	3,767,178,000	3,984,807,000	701,734,300	919,863,000
Balance of trade against Canada since 1873 as shown by official returns.....	.....	.....	.....	\$217,629,000

* In the Department's Report no exports to Switzerland are given, and no imports for Australia.

According to these official returns. Canada, since 1873, has been piling up a debt of \$648,210,000 against her in the United States, and heavy debts in France, Germany, Spain, Belgium, China and Japan and other countries which debts, or unfavourable balances of trade, as the phrase is, aggregate \$919,363,000. On the other hand, Canada has been accumulating credits in her favour since 1873, in Great Britain to amount of \$611,665, in Newfoundland, \$40,295,000, in West Indies, \$12,249,000, in South America, \$11,033,000 and other countries which credits, or favourable balances, as the phrase is, aggregate, \$701,734,000.

The net result of Canada's foreign trade since 1873, which amounted to \$7,751,985,000 as given in the Government Reports, was an apparent balance of trade against this country of \$217,629,000, but items of freight, insurance, etc., are not included in the official returns which, if taken into account would materially affect the result.

No such trade balances ever existed as the official returns apparently show. The aggregates on which the foreign trade balances are nominally based are made up of tens of thousands of wholly independent transactions, the debts created by which are paid according to individual arrangements. The freight, insurance, and other charges, for or against Canada, were taken into account in the multiplicity of the settlements of such "balance of trade" between individual exporters and importers as called for remittances, or exchanges of credit as were severally needed.

We propose to return to this subject next week and give an exhibit of the world's international trade.