

dian company operating exclusively within the Dominion to achieve such results in a rather trying year is a matter for congratulation to all concerned, and especially to Mr. J. K. Macdonald, the managing director, who has so ably shaped the Association's course almost since its organization. Amongst other prominent representatives, the names of Messrs. H. J. Johnston & Son, provincial managers for Quebec, are deserving of special mention for the share they have contributed to the Association's success. These gentlemen have the assistance of an influential advisory board consisting of the Hon. Edward Murphy and Messrs. James A. Cantlie, A. S. Hamelin (vice-president Banque Jacques Cartier) and Wm. J. Morrice. The first three gentlemen were re-elected after the annual meeting. Mr. Morrice, who is a member of the well-known firm of David Morrice, Sons & Co., is a new election, and will doubtless prove an acquisition to the Board.

REVIVAL OF AN OLD BUT EXPLODED THEORY.

During the recent discussions in Parliament following the Budget Speech and the introduction of the new Tariff, which we erroneously termed a "debate," the old question of the balance of trade cropped up in such a way as to show how tenacious of life are theories of finance when they can be utilized for party warfare. We venture to say that, if the balance of trade could not be so used, it would be relegated to the same class of subjects as the theory of gravitation, which is indeed no longer spoken of as a theory but a law, as its conditions and operations are by all scientists regarded as immutable. The assumption, that the difference between the gross amount of the imports of any country and its exports is a measure of the business prosperity of a country, or of its financial conditions, is so crude, so out of harmony with facts, that its being made in Parliament is indeed remarkable. We have only to look at the total amount of the excess of imports into this country since Confederation, over our exports, to see that these figures are only a part of the balance of trade problem. In the last twenty-six years Canada has imported an average per annum of \$107,064,135 and exported an average of \$87,001,447, giving an annual balance of trade against her of \$20,062,688, which in the 26 years amounts to \$521,630,888. According to certain theorists, this country has fallen behind in financial resources since 1868 by that prodigious amount, by a sum which is far more than double the national debt, and more than three times the amount by which that debt has increased since Confederation year. If, then, the theory is sound that the excess of imports over exports is the measure of a nation's increasing or decreasing prosperity, and of its financial strength, then according to the above figures Canada is poorer to-day by \$521,630,888 than she was in 1868. To state such a proposition is to refute it. One large slice to be taken off this amount is \$148,645,630 for goods "not entered for consumption." Another is for the freights earned by Canadian vessels engaged in bringing in these imports, a much larger sum than is generally realized. The charge for freight acts with the same force as a charge

for a commodity actually produced and exported. An exclusively maritime country could discharge its obligations to other countries which supply it with necessities, simply by becoming their carrier without exporting any produce or manufacture in return. In adjusting the balance of trade between this country and Europe our maritime enterprises play an important part. The main question arising out of a consideration of this balance against us is, are we impoverishing ourselves by buying an amount of goods in foreign markets in excess of our means to pay for? Are the goods we import such as we require, such as merchants can sell at a profit, such as the people have incomes equal to such purchases? If these conditions exist, the question of exports being equal to imports can be looked at without anxiety, for we may safely leave foreign merchants to look after their own interests in dealing with us, and we may rest satisfied that they will collect their debts owing in this country in some way. The very fact that all our national securities stand high in the foreign money market is proof of our having maintained our credit by punctual payments of obligations, and by moderation in borrowing, as otherwise that credit would have suffered. What is considered an adverse balance of trade has clearly had no influence adverse to our credit with English capitalists. The large extension, too, of credits granted by British houses to Canadian buyers is proof also that they are satisfied with the movement of trade between the two countries, satisfied that the balance of trade condition is no menace to Canadian credit in the opinion of those most interested in this question, who are those who send the imports which exceed our exports. Then of late years there has been a considerable inflow of British capital for investment in Canadian securities and enterprises.

Those from whom these funds come are especially well informed as to our affairs, yet they are satisfied with the financial condition of the country, which they would not be if they judged us to be buying imports beyond our means of payment. Looking then at these evidences of satisfaction at our financial condition shown by our foreign creditors, and by those from whom we buy so heavily, we may rest satisfied that, although the bare returns of imports and exports seem to indicate purchases of foreign goods to have been made enormously in excess of our sales in foreign markets, yet the consequent liabilities have been met with such business-like promptness as to have placed Canadian credit on a solid basis.

The following table showing the gross amount of the imports and exports from and to leading countries for the last 26 years will be found interesting:—

	Total exports since 1868.	Total imports since 1868.
Great Britain	\$956,686,000	\$943,315,000
United States	781,674,000	1,016,916,000
France	9,434,000	41,887,000
West Indies	66,653,000	60,142,000
Newfoundland	38,107,000	14,431,000
Australia	6,591,000
China and Japan	1,817,000	31,168,000

It will be a surprise to some to note how closely the imports from and exports to Great Britain approach