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—THE—
Canadian Trade Review

JOHN HAGUE, Editor.

MONTREAL, FRIDAY, AUG. 30, 1895.

**THE RELATION OF IMPORTS TO
EXPORTS.**

One of the favorite stock arguments of those who regard the amount of foreign goods a country imports as the supreme infallible test of its prosperity is that the extent of such imports regulates the extent of the exports of the buying country. It is affirmed "day in and day out" with wearisome iteration that unless we buy in the markets of a country we cannot hope to sell in them. A contemporary affirms, "prosperity is greatest when imports are largest."

There is doubtless some connection between prosperity and imports, to which we shall allude later on. Imported goods represent purchases made in a foreign market. According to the dictum of our contemporary the more purchases we make abroad the greater prosperity we shall have at home. This method of creating prosperity is so marvellously simple and easy the wonder is that any country ever fails to secure prosperity. The process reminds us of the pretension of some quack medicine vendor who says, "take my physic and health will follow as sure as day follows night." It, in fact, makes "prosperity" a marketable commodity, as it, according to this theory, invariably and necessarily accompanies large purchases of foreign goods. As the quack would say, if one bottle is not successful try another and another until the desired result is attained, thus the deluded victim goes into wholesale dosing much to the vendor's profit and the ruin of the buyer's stomach.

If the theory is sound that the amount we buy from any country regulates the extent of their purchases from us, the imports and exports from and to each country ought to show a close correspondence, and to rise and fall together showing the working of cause and effect. Let us look at the official returns to see if this law is at work. We are met at once in the first column of the Trade and Navigation Returns for 1894 with a very remarkable set of figures. In 1873 our imports from Great Britain were \$68,522,776, and exports to that market were \$38,743,848. Now, according to the above stated theory, the purchases made by us from the old land failed to be paid for in our goods by \$29,778,928, say thirty millions. What then was needed to compel Great Britain to buy more from us? Surely, say the theorists, we must buy more from them, for imports from a country stimulate exports thither. Note the facts. As Canada diminished her imports from Great Britain until in 1894 they were only \$38,717,267, that is 30 millions less than in 1873, our exports to Great Britain increased from \$38,743,848 in 1873 to \$68,538,856 in 1894, that is an increase of 30 millions. So that by decreasing our purchases in the British market by \$29,805,509 between 1873 and 1894, we increased their purchases from us by \$29,795,008. The decrease of imports is almost exactly identical in amount with the increase of exports! If the theory had been a correct deduction from facts, the lowering of our purchases