

The record of the foreign commerce of the United States is most interesting as showing the fluctuations of the trade balance in a long series of years:—

FOREIGN TRADE U. S., 1850 to 1901.

Years.	Exports including coin and bullion.	Imports including coin and bullion.
	\$	\$
1850.....	136,946,912	178,138,318
1854.....	252,047,806	304,562,381
1859.....	335,894,385	338,768,130
1862.....	210,688,675	205,771,729
1863.....	241,997,474	252,919,920
1865.....	201,558,372	248,555,652
1866.....	420,161,476	445,512,158
1867.....	322,618,089	417,833,575
1868.....	353,135,875	371,624,808
1869.....	318,082,663	437,314,255
1870.....	420,500,275	462,377,587
1871.....	512,802,267	541,493,708
1872.....	501,285,371	640,338,766
1873.....	578,938,985	663,617,147
1874.....	629,133,107	595,861,248
1875.....	583,141,229	553,906,153
1876.....	596,890,973	476,677,871
1877.....	658,657,728	492,090,406
1878.....	694,865,766	437,051,532
1879.....	710,439,441	445,777,775
1880.....	835,638,658	667,954,746
1881.....	827,487,000	670,000,000
1882.....	750,000,000	768,000,000
1883.....	823,889,402	723,180,914
1885.....	726,682,946	577,527,329
1886.....	665,964,529	535,436,036
1887.....	703,022,923	692,319,708
1888.....	683,862,104	723,957,114
1889.....	730,282,609	745,131,652
1890.....	845,293,828	789,310,409
1891.....	872,270,283	844,916,196
1892.....	1,015,732,011	827,402,462
1893.....	847,665,194	866,400,922
1894.....	892,140,572	654,994,622
1895.....	807,638,165	731,969,965
1896.....	882,606,938	779,724,674
1897.....	1,050,993,556	764,730,412
1898.....	1,231,482,330	616,049,654
1899.....	1,227,023,302	697,148,489
1900.....	1,394,483,082	849,941,184
1901.....	1,487,764,991	823,172,165
1902.....	1,381,719,401	903,327,071

The gross Exports of the United States from 1850 to 1875 were.....	\$8,671,000,000
The gross Imports of the United States from 1850 to 1875 were.....	9,604,000,000
The gross excess of Imports from 1850 to 1902 amounted to.....	933,000,000
The gross Exports of the United States from 1876 to 1896 were.....	16,373,000,000
The gross Imports of the United States from 1876 to 1896 were.....	14,255,000,000
The gross excess of Exports from 1876 to 1896 amounted to.....	2,118,000,000
The gross Exports of the U.S. from 1896 to 1902 were	7,773,466,662
The gross Imports of the U. S. from 1896 to 1902 were.....	4,654,368,975
The gross excess of Exports from 1896 to 1902 amounted to.....	3,119,097,687
Since 1850, up to 1902, the balance of trade was in favour of the United States to extent of....	4,304,098,000
Since 1896, up to 1902, 6 years, the balance of trade was in favour of United States to extent of.....	3,119,097,687

Assuming that there has been an equilibrium established between the United States and its foreign

debtors and creditors, the sum of \$4,304,098,000, in one form or other, must have passed over to the States from these foreign debtors, or, there must have been financial obligations to that amount due by the States, covered by the excess of the exports over imports. Taking the whole period since 1850 up to 1902, the excess of exports over imports averaged \$80,000,000 yearly, and for the years since 1896, the yearly average of the excess of exports was \$513,000,000, a sum so large as to render it very difficult to understand how the balance of debt between the United States and Europe can be against the States. Yet the course of exchange for a length of time has indicated that America is a debtor country in spite of its favourable balance of trade from year to year.

Having seen how enormously the external trade of the State has increased, we now enquire whether the movement in the supply of money has kept up with the expansion in the foreign trade.

SUPPLY OF COIN AND CURRENCY IN THE STATES.

1881.	1888.	1897.
\$	\$	\$
1,445,631,000	1,488,554,000	1,948,665,430
1898.	1899.	1900.
\$	\$	\$
2,067,360,994	1,897,301,412	2,429,210,225
1901.	1902.	1903.
\$	\$	\$
2,467,295,228	2,253,969,259	2,679,340,932

In 1881 the stock of money in the United States was almost identical in amount with the year's foreign trade, viz., \$1,445,631,000 in money, compared with \$1,496,487,000 in trade. In 1902 the relative amounts were, stock of money, \$2,253,969,259, and foreign trade, \$2,285,046,400, so the proportion existing in 1881 was maintained up to last year. The expansion of the money in use in the States having kept pace with the increase in foreign trade, throws therefore no light upon the present deficient supply of money. If we compare the supply of money per head in 1881 with that at a more recent date, we find that in 1881 the amount per head of money in circulation was \$21.71, whereas in 1902 it was over \$28.40 per head, and at present is about \$33 per head.

What is required for a clearer explanation of the monetary shortage is a statement of the amount of the internal trade of the country as compared with previous years. Some indication of the extent of the expansion of the internal trade of the United States is found in the total bank clearings, having been \$52,126,704,488 in 1887, whereas in 1901 they rose to \$114,190,226,021, an increase of considerably more than double in 14 years.

All indications point to there having been an expansion of business in the United States in recent years, very largely in excess of the increased provision made for the financial needs of such increase by the currency and banking systems of the country. To this inadequate supply of money we must look for an explanation of the constantly recurring periods of monetary stringency in the United States. America is in an analogous position to a merchant or manufacturer whose operations have gone on enlarging until they far exceed his monetary resources.