

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<br>including coin<br>and bullion. | Imports<br>including coin<br>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                               | 476,677,571                               |
| 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..... | 807,538,165                               | 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.