

premises represent the very considerable total of \$440,000; but this is not wonderful, for the bank has forty-two branches. Considerable sums have from time to time been applied in its reduction. Overdue debts are notably smaller, and compared with the total loans are quite slight. We notice with pleasure an appropriation of \$5,000 to officers' pension fund. The offices opened during the year have been at Virden, Manitoba, and at Russell and Morrisburg, in the Province of Ontario.



THE TRADE BALANCE AND SPECIE IMPORTATIONS.

COMMUNICATED.

Since 1899 Canada's foreign trade, inward and outward, has run as follows:—

Year.	Merchandise Imports.	Merchandise Exports.	Excess Exports.
1900	\$172,506,878	\$177,776,044	\$5,269,166
1901	177,700,694	194,509,143	16,808,449
1902	196,480,190	209,970,864	13,490,674
1903	224,813,719	225,229,761	416,042
1904	243,582,824	211,055,678	*32,527,146

To bring the table more nearly up to date the figures for the first three months of the fiscal year ending 30th June, 1905, are also given:—

First quarter (1905) \$67,070,253 \$62,106,874 *\$4,963,379

To compare with this let us now consider the movement in coin and bullion. The figures are:—

Year.	Excess Merchandise Exports.	Net Import of Coin and Bullion.
1900	\$5,269,166	†\$ 359,730
1901	16,808,449	1,558,805
1902	13,490,674	4,641,983
1903	416,042	8,356,834
1904	*32,527,146	5,408,756
1st quarter (1905)	*4,963,379	2,841,548
	*\$1,506,194	\$22,448,196

It will next be interesting, while bearing the above in mind, to examine into the visible stocks of coin and bullion held in the Dominion. These are held by the Receivers General, and by the chartered banks.

	Specie Held by Banks.	Specie Held by Receivers-General.
31st December, 1899	\$ 9,584,702	\$12,444,791
" 1900	11,773,336	14,931,088
" 1901	11,571,337	16,224,576
" 1902	12,892,235	21,266,157
" 1903	16,101,019	28,679,708
31st August, 1904	16,286,923	32,881,195

Thus it is seen that between the 30th June, 1899, and the 31st August, 1904, our merchandise imports and our merchandise exports almost balance; imports exceed exports by a million and a half. Notwithstanding this there was a net import of coin and bullion during the same period of \$22,448,196. Between the 31st December, 1899, and the 31st August, 1904, the specie holdings of the chartered banks increased \$6,702,221; those of the Dominion treasury increased \$20,436,404; the two together increased \$27,138,625. But it would give a one-sided view of our financial

*Excess imports.

†Net export.

position unless we also took into account the change in the bank position with regard to foreign credits. If we take and add together the following items from the bank balance sheets, viz.: "balances due from bankers in the United Kingdom," "balances due from bankers in foreign countries," "call loans elsewhere than in Canada," current loans elsewhere than in Canada; and deduct from the total thus arrived at, the sum of the following items on the other side of the balance, viz.:—"balances due to bankers in the United Kingdom," "balances due to bankers in foreign countries," "deposits elsewhere than in Canada," the result should show the foreign position of the banks as nearly as it can be shown. Figuring on these lines we get \$57,414,433 as the net balance of credits abroad owned by the banks on the 31st December, 1899. On the 31st August, 1904, the net credit was \$50,594,249. There is, therefore, on this basis, a fall of \$6,820,188 in the net foreign balances and investments. With regard to the movement of capital belonging to individuals, firms, and corporations other than banks, it is not so easy to speak with any degree of positiveness. It is well known that there is going on all the time a cross flow of capital, both into and out of the country. Some of the different items that go to make up these two streams may be mentioned, but there are no statistics to tell us of their respective dimensions. On the one side there are:—interest on our debts, public and private, held abroad, profits on investments made by foreigners in the Dominion, spendings of our people travelling in Europe and the United States, the earnings in Canada of foreign shipping, railroad and insurance companies, and investments by Canadians in foreign enterprises; on the other side there are: the stream of capital from abroad seeking investment in Canadian enterprises, the capital brought in by immigrants, profits on investments by Canadians in foreign countries, spendings of foreign tourists in the Dominion, and the outlay of foreign ships in Canadian ports.

It is, of course, impossible to strike a balance between these two sides, but we can be reasonably certain that if one item were left out of the reckoning it would be found that the outflow of capital exceeded the inflow. The item in question is "the stream of capital seeking investment in Canada." In amount this is an uncertain quantity. It will vary from year to year. When the surplus savings, available for investment, of the people of outside countries, particularly of Great Britain and the United States, are very large, and when at the same time great prosperity prevails here in Canada, outside capital will, in all probability flow here in very considerable volume. But if the growth of the investment fund in those countries suffers a check, from one cause or another, and if, at the same time, it should happen that the Dominion was passing through a trade depression, then there would be a great falling off in the flow of capital to us-ward; it might, in fact, disappear altogether for a time, or be turned in the opposite direction.

In the last four years, if we reckon this stream of outside capital along with all the other items mentioned above, the probability is that the balance of this invisible commerce has been considerably in our favor.

Naturally this part of our commerce with outside countries does not receive so much comment as does the visible commerce, the dimensions and particulars of which are recorded in the custom house returns. The exchange experts, when they seek to get a notion