imports is more favorable than the reverse may be thus stated. The business of a merchant is to distribute goods as they are demanded. He conducts business to secure profits in such transactions. If the goods he imports were not more in value than those he exports he would have no profits. The goods he buys he must sell to cover first cost, freight, insurance, expenses, and leave a profit on his capital and remuneration for his skill. The value of exports is estimated at the time they are invoiced, that is, the valuation of the seller before being dispatched; therefore such value does not include freight, insurance, etc. The value of imports includes first cost, freight, insurance, and importer's profits. The theory that the true balance of trade as shown by the aggregate amount of goods imported and exported according to their first cost is a misleading one, as it ignores other costs, which add to their saleable value, and it ignores also the profits which are derivable from such exports and imports respectively. If a Montreal merchant has $100,000 to pay in London, England, for the invoice price of goods he has imported, and he decides to pay this sum in goods, he must buy them here for much less than $100,000 if he desires to pay all transport expenses and get a profit on the transaction after selling them in London to pay the $100,000. Unless the export value of such goods is materially below the value of his imports for which he has to pay in a foreign market, there is not margin enough to pay freight, insurance, etc., and leave him a profit. Individual merchants, as a rule, do not pay for their own imports by goods sent directly by themselves, but by bills of exchange which are drawn upon funds provided by the proceeds of the goods exported by their neighbours. Mr. Graindealer, for instance, sells a cargo of wheat in London, and the proceeds are there at his call. Mr. Drygoods has to pay money in London, and by the process of exchange the money he needs in that city is found him by the fund at the credit of Mr. Graindealer to whom the bank here accounts. Thus no actual money, no specie or bank bills, are sent here for the exporter of wheat, nor any sent the reverse way by the importer of dry-goods. Now, as the gross amounts of exports and imports are merely the aggregates of those by individuals, let us suppose all the goods exported and all imported were sent out and received by one merchant. Were all foreign trade thus concentrated, the imports of such a trader must exceed his exports, or there would be no fund to pay the charges involved by such business or to yield a profit on the capital employed. The above represents the views of one school of economists, though probably the ablest of them, Professor Rogers, admits that the extent of a nation's exports and imports respectively is no absolute criterion of its profit-making business.

The enormous excess of Great Britain's imports over exports is accounted for by their being, to a large extent, sent to pay the interest on her foreign loans, and the freight, etc., on goods carried by British ships. The amount of the former is unknown, but, as English capital invested abroad is estimated to be over eight thousand millions of dollars, the influx of interest payments, largely by merchandise, goes far to redress the so-called "unfavourable" balance of trade. Another item is the receipts for shipping charges by British vessel owners which an eminent authority estimates at from $300,000,000 to $400,000,000 yearly. The fact that the five wealthiest nations of Europe have imports usually in excess of exports, viz., Great Britain, France, Germany, Russia and Holland, and some poor nations show the reverse, is not compatible with the theory that an excess of imports over exports is necessarily unfavourable to a country's prosperity.

Thus far we have taken no account of anything but exports and imports of merchandise, that is of natural products and manufactured goods. But there are other valuables which are transmitted to and fro between nations, which have a material influence upon the balance of trade, though the returns of them are not included in the official statements. We propose in another article to give a list of all the countries whose trade returns are available, showing their respective imports and exports. Also a brief resumé of the exceptions to the theory that imports in excess of exports is essential to prosperity, and a statement of the effect upon the trade relations of countries produced by the movement of securities. The "balance of trade" is only an item in the complicated accounts of an international character, and the most important point for consideration in regard to a nation's financial condition is the Balance of Debt.

THE SEPTEMBER BANK STATEMENT.

It is not surprising that the Bank Statement for September makes a good showing, as that month is one of three which stand out prominently as those under which trade movements are active. This year, even with the large amounts standing under the prominent headings since its commencement, the increases have been in nearly the same ratio as when the summer months of former years had been exceedingly dull. As may be seen by an examination of the Banks' Statement the trade has been very steady, therefore, not requiring so great an expansion for the autumn season, to bring it above former records. Hence, the September figures show better results than those for any former month of September. There are many causes given for the steady state of trade, and for the large amount of Bank Notes kept in circulation. The prime reason in the fewest words is that money was actually in demand owing to the activity of business. One important feature is the dairying business. The most marked change is in country districts where formerly the farmer saw but little ready money during the summer months, and only in the fall did he begin to realize any benefit from the labour of the first six months. This is changed. In supplying milk to the