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## How Trade Balances are Changing

**UNITED STATES Will have Favorable Balance of over a Billion Dollars—Position of British Commerce—Canadian Situation is Rapidly Improving—Some Important Points to Consider in Reckoning Trade Balances**

THESE are days when trade balances are holding heads high. Even the Canadian balance, whose descent into adversity was so severe as to induce certain economic authorities to perform constant dissections, has been able to smile with the rest, changing the "adverse" for the "favorable" sign. At the close of the fiscal year of the United States, in June, the trade balance will be in favor of that country to the extent of about \$1,200,000,000. That is, exports will exceed imports by that amount, which is a new record for our neighbor. The ten months' figures to the end of April show that the United States foreign trade has accumulated a credit balance, not only exceeding all previous ten-months periods but also \$200,000,000 larger than the record complete fiscal year figures for 1907-1908.

War exports have been one of the principal causes of these remarkable figures. Also, there was a decrease in the imports of the United States of about \$198,000,000 for the ten months ended April. The United States is probably manufacturing certain materials and merchandise represented up to a year ago, in the form of foreign imports. The Wall Street Journal estimates that the full movement of goods and munitions purchased in the neighboring republic by the Allies, will not be reached until next fall. Striking as the figures of their foreign commerce are at present, therefore, they may be insignificant compared with those of the coming fiscal year.

In Great Britain, which is in a class by itself as the world's chief banker, the situation is entirely different. The trade balance there for the first four months of 1914 is tabulated by the London Statist as follows:—

Excess of imports .....	£ 45,000,000
Capital invested abroad, about .....	68,000,000
Total excess .....	£113,000,000
Estimated sum received from abroad for interest, shipping, etc., services .....	£113,000,000
Balance .....	Nil

The advent of war has decreased Great Britain's exports and increased its imports enormously. There is now an excess of imports over exports, an unfavorable trade balance of approximately £135,000,000. The trade

balance for the first four months of the current year looks like this:—

Excess of imports .....	£133,000,000
Imports of government stores and money expended by troops abroad (estimated) ..	40,000,000
Loans to allies and colonies .....	68,000,000
Total excess of imports .....	£241,000,000
Estimated sum received from abroad for interest, shipping and services .....	£117,000,000
Balance provided by drawing in capital and by borrowing from abroad .....	*£124,000,000

\*At the rate of £372,000,000, while Great Britain's war expenses and the nation's total expenses are still increasing.

Comparatively little difficulty has been experienced in financing this adverse balance. Great Britain has been able to call in further floating capital and has been able to borrow a substantial sum of money on floating account from the United States and from neutral countries generally. Their cash balances in London at present are unusually large.

As pointed out in *The Monetary Times* recently, Canada during the past fiscal year ended March, has transformed an unfavorable balance of \$162,891,000 to a favorable balance of \$16,071,138. The position is shown in the following table:—

	Year ended March	
Merchandise.	1914.	1915.
Total exports .....	\$455,437,224	\$461,442,509
Total imports .....	618,328,874	445,371,371
Difference .....	\$162,891,650	\$16,071,138

The change in the Canadian balance is due partly to the heavy exports of all kinds of war materials to governments abroad. The output of these materials is far greater than is generally thought. At the same time Canadian imports have decreased materially, due partly to the curtailment of the buying of luxuries, to the end of an active period of construction and consequently the slackening demand for materials, to the fact that Cana-