

burned bricks. The former appear the same shape and size, I grant you, but the first storm—rain storm—melts the structure, and it collapses into a heap!

### THE BALANCE OF TRADE.

Of course all improvements in the machinery of industry ought to bear finally on the balance of trade. If a nation produces commodities of an equal value to those it consumes it may be said to pay its way. If it produces less, it has become indebted to a foreign country; and the balance is said to be unfavorable. If it produces more, it has a surplus to sell, or a foreign country may be in its debt. The foreign trade is but a fractional part of the whole trade of a nation; but if the balance is adverse, it tells on the foreign trade, though it may be difficult to verify the fact. If, for example, \$50,000 worth of flour be sent to Spain and there sold for \$90,000; and goods bought and entered that much inwards, the balance is actually favorable, though the customs records would make it appear otherwise. Another example, going the rounds of the papers, is that of £265,000 worth of coal sent to India and sold for £900,000; and the money invested in jute for Dundee, and entered inwards. The balance in the latter case is also favorable. But these examples only go to show that customs records are not to be taken as unreserved data to decide the question. It is just as possible for goods to be exported and sold for less than their export figures. If, as is the case with England, that not only is the public debt owned by the people, but large investments are made by her capitalists in foreign securities: importations, say of cotton, may be drawn against to pay interest upon American securities. In that case the balance of British trade might appear unfavorable when it was otherwise—it being a matter of indifference with the capitalist whether he invests in home manufactures or in foreign securities. But when the national debt is in other hands, as is the case with Canada, and no investments abroad, the excess of imports would have a very different signification. A good deal too much is made by writers of the items freight and charges, to account for the excess of imports to England; 25 per cent. on the cost of goods should at least cover freight on the average. If, as has been stated, Canadian indebtedness necessitates the annual payment of fifteen million dollars interest, the effective value of the exports will be reduced that much; and is gravely suggestive of foreign indebtedness being increased with alarming rapidity. Of course it is replied that Canada has run in debt not for war purposes but for public improvements; but if these improvements do not tell favorably on exports, it is all the same as wasted.

The increase of the active capital by the establishment of a capital bank of issue would most effectively increase exports; as the reduction of interest would not only stimulate manufacturing industries, but would supersede the necessity of Governments borrowing abroad, and check the exportation of interest. The question is simply that of the national foreign account, which has to be settled by industry, in the manner any private debtor pays his debts; if we would not repudiate.