

CANADA'S COMMERCIAL RELATIONS WITH THE UNITED STATES.

This Dominion is a Large Purchaser from the Republic But Its Sales are Increasing—Growing Interest in Securities.

Much has been recently written about Canada's extraordinary adverse trade balance, which has been growing rapidly larger and reached the huge total of \$287,130,040 in the twelve months ended April 30, 1913, states the editor of the New York Times Analyst in an introduction to the following article by Mr. De Forest Hicks. It means, of course, that Canada has been exporting credit and importing goods. That is, she has been buying heavily on credit. Her principal source of capital is England. What the writer shows in the following article is that Canada has been spending her borrowed capital largely in the United States. In 1870, 32.43 per cent. of her total imports came from the United States; in 1912, 63.37 per cent. Regularly we sell to Canada more than we buy from her, so that 45 per cent. of our total favorable trade balance now comes from our trade with Canada. Under the circumstances it may seem to ill become the United States to criticize the extent of Canada's foreign borrowing.

Mr. Hicks Says: "To one making a study of the foreign trade of the United States several facts stand out prominently. First: That while the total of exports and imports has advanced without serious setbacks from 1886 to date, the balance of trade, that is excess of exports over imports, has been subject to wide fluctuations. The magnitude of these fluctuations is shown by the fact that in 1893 the United States owed other countries in respect of its foreign trade for that year \$18,000,000, whereas in 1908 other countries owed the United States \$666,000,000. The result of our foreign trade for year ended June 30, 1913, approximates this banner year with a figure of \$653,000,000. An analysis of the official figures brings out the surprising fact that of our favorable trade balance for the year ended June 30, 1913, \$294,688,869, or over 45 per cent. of the total, resulted from our trade with the Dominion of Canada, which, added to our trade with the United Kingdom, constituted a total of \$596,274,236, or over 91 per cent. of our total trade balance. If we added to these figures the balances with British colonies throughout the world the percentage would be even higher.

United States Trade Balances

"Following are trade balances of the United States for the past fiscal year with the principal countries of the world:

In favor of United States, arriving from—

Great Britain and Ireland	\$301,585,367
Canada	294,688,869
Germany	142,721,141
Netherlands	87,728,895
Balance of Europe	44,952,011
Australia, New Zealand, and balance of Oceania..	37,184,859
France	9,222,211
Philippine Islands	4,374,545
Africa	2,663,573

Against United States, arriving with—

Mexico	\$22,972,258
South America, Central America, Cuba, West Indies and balance of North America	87,847,550
Japan, China and balance of Asia	161,395,748

"The fact must not be overlooked in considering the above figures that our trade with other countries in a majority of cases shows a satisfactory growth.

Canada and United States Trade

"The following table shows in round figures the favorable trade balances of the United States arising from trade with Canada and with the balance of the world from 1894 to 1913:

	Trade with Canada.	Trade with Balance of World.
1894	\$25,000,000	\$211,000,000
1895	16,000,000	59,000,000
1896	18,000,000	84,000,000
1897	24,000,000	261,000,000
1898	51,000,000	563,000,000
1899	56,000,000	473,000,000
1900	55,000,000	488,000,000
1901	63,000,000	601,000,000
1902	61,000,000	416,000,000
1903	68,000,000	325,000,000
1904	79,000,000	390,000,000
1905	78,000,000	322,000,000
1906	88,000,000	428,000,000
1907	109,000,000	336,000,000
1908	91,000,000	574,000,000
1909	84,000,000	266,000,000
1910	120,000,000	67,000,000
1911	168,000,000	353,000,000
1912	220,000,000	330,000,000
1913	294,000,000	358,000,000

"These figures emphasize the wide fluctuations in the United States trade balance with the world exclusive of Canada, and that United States excess of exports to Canada over imports from that country have in the main shown a substantial and steady growth from year to year. The United States total trade balance with the world increased in the period under discussion 175 per cent., while our balance with Canada grew from \$25,000,000 to \$294,000,000, or over 1,076 per cent., in the same twenty years.

"So much for the balance of trade which the United States enjoys in her commercial relations with the Dominion. **Aggregate Value of Canadian Purchases**

"Let us now consider the aggregate value of goods shipped to Canada as compared with our shipments to other countries.

"In the past fiscal year we shipped to:

	Goods Valued at
The United Kingdom	\$597,150,307
Canada	415,260,049
Germany	331,684,212
South America	146,147,993
France	146,100,201
The Netherlands	125,909,862
Cuba	70,581,154
Japan	57,741,815
All of China	22,439,594

"Canada being part of the British Empire, we might naturally assume that the bulk of her imports, particularly manufactures, would come from England. This, however, is not the case, as a study of the figures extending over a period of years points out that in 1894 Canadian imports from the United States were \$61,000,000, as compared with \$59,000,000 from the rest of the world, and that in each year thereafter Canada purchased more in the United States than in the rest of the world combined.

"In 1870 Canada made less than one-third of her foreign purchases in the United States. In 1912 she purchased nearly two-thirds here. This growth in the percentage which purchases in the United States bear to Canada's total purchases is shown by the following figures: Percentage of Canadian imports coming from the United States: 1870, 32.43 per cent.; 1880, 40.33 per cent.; 1890, 45.99 per cent.; 1900, 59.17 per cent.; 1910, 58.81 per cent.; 1911, 60.84 per cent.; 1912, 63.37 per cent.

"These figures are of added interest when taken in conjunction with similar figures relating to foreign purchases of other important countries: Percentages of imports coming from the United States, year 1911: Canada, 63.4 per cent.; Mexico, 53.9 per cent.; Cuba, 52.5 per cent.; Venezuela, 30.6 per cent.; Colombia, 28.8 per cent.; Ecuador, 28.1 per cent.; Peru, 19.6 per cent.; United Kingdom, 18.0 per cent.; Japan, 15.8 per cent.; Argentina, 14.3 per cent.; Netherlands, 14.3 per cent.; Spain, 13.0 per cent.; Chile, 12.4 per cent.; Italy, 12.3 per cent.; Brazil, 11.2 per cent.; France, 10.3 per cent.; Russia, 8.8 per cent.; Switzerland, 4.2 per cent.

Republic Buys Dominion's Goods

"While the closeness of our markets accounts largely for the proportion of Canada's trade which we enjoy, the fact that Canada makes nearly two-thirds of her foreign purchases in the United States emphasizes the close relations between the two countries in a commercial way.

"It is natural that Canada should buy from United States more than she sells to that country, as the markets of the United States offer a larger variety of products than do those of Canada, and the requirements of the Dominion are in addition abnormally large at this time of extensive development in the building of railways and in the housing of the large influx of population. It is, however, gratifying to find that the growth of trade between the two countries has not been one-sided, and that our purchases of Canadian products for the year 1913 were nearly four times what they were in 1894, and reached in the past fiscal year the very large total of \$120,000,000. This figure is exceeded only by United States imports from the United Kingdom, Germany, France, and Cuba.

"From another standpoint, it is interesting to find that of Canada's total exports in the year 1912 (the latest figures available), 36.7 per cent. were purchased by the United States, and that this percentage has not materially changed since 1893. In other words, Canada's sales to the United States have increased in approximately the same rapid ratio that her total export business has increased during the twenty-year period. Canada's purchases in the United States for the past fiscal year amounted to 17 per cent. of our total exports.

"Segregating United States trade with the Dominion from her trade with the balance of the world, another interesting