

THE CANADIAN MANUFACTURER

AND INDUSTRIAL WORLD

DEVOTED TO HOME INDUSTRIES, COMMERCE, FINANCE, INSURANCE, RAILWAYS & MINING.

Vol. I.

TORONTO, ONT., JULY 7, 1882.

No. 15.

BALANCE OF TRADE AND BALANCE OF DEBT.

During the period from 1871 to 1878 inclusive the Montreal *Witness* published regularly a "Financial Review" for every month. Each time the ground was carefully gone over, and the varying aspects of trade and finance were presented in a manner that made these articles very interesting to business men. They bore upon their face evidence of having come from the pen of some one remarkably well posted on matters financial, and attracted general attention. There was a good deal of curiosity in the public mind with regard to their authorship, but to only a very few was the secret known. Within a few weeks back the author has been in a manner compelled by circumstances to avow himself, and he turns out to be Mr. John Hague, of Toronto, brother of the General Manager of the Merchants' Bank. The explanation can best be given in his own words, as published in the *Toronto Mail*:

"A HISTORY OF BILLS OF EXCHANGE."

"To the Editor of the *Mail*."

"SIR,—In your issue of the 7th, under caption 'The Financial Outlook,' the writer says:—'The views of Mr. Smithers remind me of exactly similar views expressed by Mr. George Hague, general manager of the Merchants' Bank here, in 1874, both in a daily paper of this city (Montreal), and in a weekly Toronto financial paper. Had Mr. Hague's statements and logical reasonings been listened to, the crisis which followed would have been averted altogether.' At a later point in the article the writer states that a prominent Montreal banker 'took occasion to refer to Mr. Hague's articles, and said their reproduction now would be most timely, and exceedingly useful.' I feel exceedingly flattered by these complimentary words, as all the articles in the Montreal daily, the *Witness*, and a large number of those in the Toronto weekly, the *Monetary Times*, were the production of my own pen. The *Witness* series of 'Financial Reviews' were written by me from 1871 to 1878, and the authorship of them and their value may be judged by the following letter, dated Merchants' Bank, Montreal, August 29th, 1879:—

"MY DEAR JOHN,— * * * I am specially sorry you have dropped the *Witness* article, and must beg of you to resume the review which used to be so valuable. If I had a complete set for five years I would give a good deal for it. * * * Yours, &c.,

'GEO. HAGUE.'

"My anti-free trade views, however, prevented me from continuing those articles. The secret of the authorship of these reviews was to journalists an open one, for the very kind reception they met with in financial circles led to an offer being made me to contribute another series to the *Toronto Mail*, which will be found on your file for several years, and I had also the gratification of an offer from the Hon. George Brown

to write a third set for the *Globe*, and was paid for part in money and the balance in complimentary thanks. In the *Globe* review in 1874 I expressed, as in many others, views similar to those which your correspondent regards as evidence of forethought, good logic, and sound judgment. I am sorry indeed to have to make this statement, but it is not in human nature for a man who is conscious of the paternity of his children and proud of them, to have them attributed to another father, even though he be my excellent and fortunate brother, the general manager and saviour of the Merchants' Bank. It is my intention to publish selections from the above named reviews as soon as I can find the requisite leisure and complete my file of them, which is imperfect. Yours, &c.,

'JOHN HAGUE.'

"Author of 'A History of Bills of Exchange.'

"Yorkville, Ont., 8th June, 1882."

The facts show that Mr. Hague was more than justified—that he was in a manner compelled, as we have said—to come forward and let the public know who really was the author of the *Witness* series of financial reviews, and the other articles mentioned. We hope that he may soon be able to publish these articles and reviews, or selections from them, in permanent form; and that the public may have the benefit of what he has further to say, from time to time, on the very difficult and generally little understood subject of finance and national trade exchanges.

It is in connection with the much-vexed question of the balance of trade that we now refer to Mr. Hague's series of monthly financial reviews in the *Witness*. He says, it will be observed, that his anti-free trade views prevented him from continuing them. Why so, it may be asked? The *Witness* has always been on the free trade side, but why should this interfere with the discussion of bank circulation, deposits, and balances? Thereby hangs a tale, which let us tell as a supplement to what Mr. Hague informs us of. In one of the monthly reviews the writer boldly tackled the balance of trade question, and gave what we have every confidence will yet be generally accepted as the true theory, somewhat to the following effect. The bare figures of a country's imports and exports, standing by themselves, are altogether inadequate for conveying a true idea of how that country stands, commercially, with reference to others. They are, in fact, more apt to mislead than to inform the judgment. The vital point in each particular case is not the balance of trade, but the *balance of debt*. If any given country sends abroad two millions' worth of its produce, and gets in exchange a *bona fide* three millions' worth, without having to pay the difference in money, the transaction should be looked upon as making a gain and not a loss. But suppose