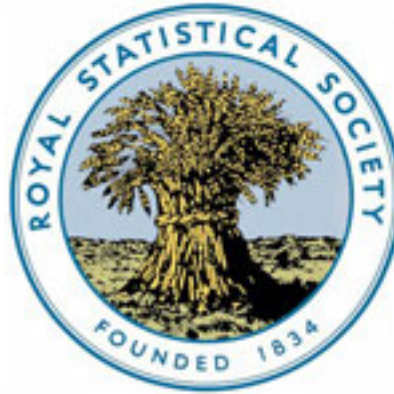


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# JOURNAL OF THE ROYAL STATISTICAL SOCIETY.

MARCH, 1899.

*The EXCESS of IMPORTS.*

By SIR ROBERT GIFFEN, K.C.B., LL.D., F.R.S.

[Read before the Royal Statistical Society, 17th January, 1899.

The Right Hon. LEONARD H. COURTNEY, M.A., M.P., President, in the Chair.]

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A GOOD many years ago I discussed at some length before the Statistical Society the question of the excess of imports over exports—the balance of trade. The discussion was contained in a paper on the use of import and export statistics which I read at the meeting of the Society on the 21st March, 1882. This was primarily a paper on the method of statistics, and the excess of imports question was dealt with by way of illustration. But the question is of course of independent interest, and the mode of treating it in the paper referred to has been widely discussed and applied. It will be interesting now to see what the history has been since that paper was read, how far and to what extent has the excess of imports over exports increased, how far would the conclusions then arrived at be applicable at the present time? There is also a special point of some interest which was not adverted to in the former paper, but on which some observations and tables are now offered, viz., what is the relative position of different countries with which we trade as regards the excess of imports into this country? The whole inquiry also raises at least one point of novelty which it is proposed to discuss later, viz.,

how far and with what effect an increasing excess of imports over exports may not tend to prevent the expansion of the export trade itself?

There is one preliminary remark to be made. This paper is not written in a controversial spirit; especially it is not written with any notion of confuting the believers in fair trade or any other persons who attach importance to the balance of trade, because they think an adverse balance, such as they see in the figures, proves the decay of British trade abroad, and that the country is in a bad way accordingly. How these gentlemen arrive at their conclusions I must confess I do not know, but in any event it is no part of my present purpose to discuss their reasoning. Our object as a Society is to get out the facts as to our imports and exports, as we do with other statistics, in the best way we can. How the excess of imports arises, and what is the real nature of the position of this excess in the larger question of the balance of indebtedness between this country and others, are the facts we desire to know.

#### I.—*The Increase since 1880.*

In the Appendix (Table A) a statement is continued from the former paper showing the total imports and exports of the United Kingdom, including bullion and specie in each year since 1854. There is a part of the trade, the trans-shipment trade, which is usually omitted in the record of imports and exports, but as the outward movement here exactly balances the inward movement, the omission is immaterial in any question of the balance of trade generally. For various purposes as we shall see, however, the fact of a trans-shipment trade existing to the extent of about 10 million £ either way must not be lost sight of. In this table then the excess of imports over exports in each year, and the proportion of the excess to the total imports and exports omitting the trans-shipment trade, are brought out, and as the table goes back to 1854, we get a very comprehensive view indeed of what this feature in our foreign trade has been. The excess, as was pointed out in my former paper, is no new feature, and it is also a feature quite common to the foreign trade of most countries throughout the world, especially to European countries.

I have continued a summary of the table of 1882 in three years periods, and the summary for the whole period since 1854 is as follows:—

*Excess of Imports, and Proportion to Total Imports and Exports,  
including Bullion and Specie, 1854-97.*

[In millions of £'s.]

	Total Imports and Exports.*	Excess of Imports.	
		Amount.*	Per Cent. of Imports and Exports.
	£	£	£
1854-56 .....	330	37	11'2
'57-59 .....	386	31	8'0
'60-62 .....	432	54	12'5
'63-65 .....	523	60	11'5
'66-68 .....	566	66	11'7
'69-71 .....	617	61	9'9
'72-74 .....	732	61	8'3
'75-77 .....	713	121	17'0
'78-80 .....	690	120	17'4
'81-83 .....	755	109	14'4
'84-86 .....	691	91	13'2
'87-89 .....	735	95	12'9
'90-92 .....	802	122	15'2
'93-95 .....	761	141	18'5
'96-98 .....	847	160	18'9
1896 .....	822	140	17'0
'97 .....	844	156	18'5
'98 .....	875	183	20'9

\* Average of three years.

From this summary table it appears clearly that while since 1880 the total imports and exports have increased from about 700 million £ annually to over 800 million £ annually, the increase in the excess of imports, comparing the last three years period which was dealt with in 1882, with the last three years period we now have, is from about 120 to 160 million £. The percentage of the excess of imports over exports has also risen a little, viz., from 17 to 19 per cent. In the last year of all, 1898, the figures are larger and the proportion of the excess of imports to the total imports and exports has risen to over 20 per cent. It remains to be seen, however, whether on a three years' average the permanent rise will be found to be sensibly greater than what has been stated. It will be observed from the table also that, as was the case before 1880, the excess of imports over exports is not uniform from period to period, but in several years since 1880 the excess was much less than what it had been in the three years then preceding. In 1884-89, a period of six years, it was a little more than 90 million £ annually on the average, and the proportion was only 13 per cent. In two years it was 80 and 82 million £ only, and the excess 12 per cent. The excess in fact diminishes as a rule in years of good trade when this country is giving credit largely and

lending largely to foreign countries and colonies, and it increases again in times of depression when we are not giving so much credit, and are, in fact, to some extent calling in our money and getting payment of our debts. The permanent condition of our trade however is that we receive a large excess of imports, and from period to period, ever since 1854 at any rate, this excess steadily increases.

How is the excess to be accounted for? For answer, in principle, I may refer you to the former paper. It was shown there that in the whole trade of the world, putting imports and exports together, there is on balance an excess of imports. The figure was then about 160 million £, and I understand from an official friend who has made the calculation, though I have not thought it necessary for the purpose of this paper to do so myself, that the figure would be almost exactly the same now. The obvious reason for such an excess is that if goods arriving in a country are valued at the place of arrival and exports are valued at the place of shipment, which is commonly, though not universally the case, it follows that as goods acquire value in the course of transit from one country to another, the expense of the transit being added to the value, then the same goods reckoned as imports must appear in the returns of greater value than when they were reckoned as exports. The nature of the returns is therefore such that in a given country the volume of the imports is not unlikely to appear greater than the volume of the exports. Whatever may be the case with some other countries, there is no doubt that this explanation applies to the imports and exports of a country like the United Kingdom. Here the imports are undoubtedly valued at the place of arrival and the exports at the place of shipment, and, putting aside all other considerations, the presumption is when this method of valuation is followed that the exports should not balance the imports.

Apart from this formal explanation, a real cause of difference which was the subject of discussion in the paper referred to, is the position of this country as a shipping country earning large freights in the course of its business as shipowner. A country which has a large mercantile marine engaged in the business of carrying goods and passengers, not merely to and from its own shores, but between foreign countries themselves, earns a great deal of money which must be paid to it, unless the money is reinvested again, in the shape of imports. The freights earned constitute, in fact, an invisible export, to use the phrase of the previous paper, and in any question of the balance of trade ought to appear to the credit of the country earning the freights as much as the so-called exports themselves. In the former paper it

was shown that on any fair calculation the difference thus made to the United Kingdom amounted to no less a sum than about 60 million £ sterling annually.

Another fact to be taken note of in connection with this question of the balance of trade, is the amount earned by a country like England in its commission business generally. As the centre of the monetary transactions of the world, England receives commissions on produce brought to this country to be sold on account of third parties. It receives money again as an insurer of ships and cargoes. It also receives commissions on the bills which are drawn against goods from all parts of the world, and which are cleared finally in Lombard Street. These commissions and payments must be very considerable and fall to be added to the freight earnings themselves in a question as to the balance of trade. They were estimated in the former paper—a very rough estimate however—at 16 million £.

Another most important item in the balance of indebtedness is the profits on English capital employed in foreign business. With this we must include the interest on permanent investments made in foreign countries which has to be received in the United Kingdom. Several European countries as well as the United Kingdom are in the position of receiving interest of this nature. France, Holland, Belgium, and Germany are undoubtedly all in this category of interest-receiving nations, Germany probably less so than France, although it has of late years been rapidly increasing its foreign business generally and its foreign investments. With this amount we ought to include, as I am reminded, the sums due annually by a country like India to England for salaries, pensions, and annuities due to it by the Government or by a private company to persons whom they employ or have employed, so far as the salaries, annuities, and pensions are remitted to England. The amount due in this way by the Government of India alone is about 6 million £, and there are other items of the same kind in our intercourse with India and other countries which cannot be strictly spoken of as interest or profit on capital though they have been lumped together. The amount of this profit, interest, and pensions, &c., annually receivable by England was estimated in the paper of 1882 which has been referred to at something over 70 million £, representing a capital, if all capitalised, of not less than 1,500 million £ invested abroad. The sum was and is a very large one, although no exact statement can be made.

All these are important items to be taken note of, not merely as accounting for the excess of imports over exports in a particular case, but as necessarily entering into the international account

between a ship-owning and investing country like England, and the rest of the world generally. There are no doubt other items of importance. A chapter, for instance, might be written on the subject of remittance to and fro between different countries, to pay for travellers and residents of one nation in the territory of another nation. This would rectify the accounts of some countries in one direction only, and in other countries in both directions, so that in the latter case the rectifications might balance each other. The United States is a good illustration of a country which probably has to remit largely abroad to pay for its citizens resident or travelling in foreign countries. In the case of the United Kingdom and most European nations there would be rectifications both ways, and how the balance would lie it would be most difficult to calculate. Among other items, again, I would mention specially, the new loans to foreign countries, and the withdrawals of capital from such countries, which change the balance of indebtedness for the moment from one side to the other. The new lending especially is most important, but permanently the items above stated appear to be the most necessary for our consideration. They explain fully why the excess of imports exists and the cause of it, and suggest, as was pointed out in 1882, that but for continual new lending on balance on the part of this country, and without any withdrawals of capital from abroad, the excess of imports would probably be larger than it is.

It should be understood further that the account in detail is by no means complete. For instance, an item like the import of diamonds from the Cape and from other countries, as well as the export of diamonds, is omitted altogether. It is known from special returns which the Cape Government furnishes to our customs authorities, and which are referred to in foot-notes in our trade returns themselves, that the Cape sends to us annually over 4 million £'s worth of diamonds; but this one fact is insufficient to rectify the returns as regards the diamond trade. It is also contended in some quarters that the value of coal put on board steamers for consumption ought to be treated as an export, as it affects the balance of trade in the same way. The same with the value of goods put on board foreign ships of war in this country, and so on. Above all it is asserted that the building of ships for foreigners, and the sale of old ships to foreigners, are, in fact, exports affecting the balance of trade in the same way as other exports, and that they ought so to appear in the returns. In a recent year it is said the ships building for, and the sale of ships to, foreigners might amount to a sum of nearly 7 million £. These, however, are all minor matters, in my judgment, however important some of them may seem. No



such record as that of imports and exports can be absolutely complete, and it is better practically to take the returns as they are upon their existing basis and make the best of them rather than attempt a formal completeness which can never be attained. Moreover, it is extremely important in these inquiries to avoid duplication, and clearly such items as the value of coal put on board steamers for consumption upon the voyage are more properly taken account of in connection with the cost of earning freights, than by being treated as on all fours with ordinary exports. The same to some extent with the value of ships built for foreigners. A good many of the ships which go under foreign flags remain English owned, and in an economic sense a good many of these so-called exports to foreigners are not really exports, because the ships remain English and not foreign although under a foreign flag. It is right, nevertheless, that those who go into the subject in great detail should take note of all these points.

The explanations thus given as to the excess of imports over exports in 1882 are now fully applicable. We may go over the different items. Beginning with our commission business, and our investments in foreign countries, we find there is no doubt that these have both increased. With regard to the latter it is certain that there are always new issues of foreign securities.

In the paper of 1882 a list was given of new issues in London on foreign account for several years, and this was afterwards continued in my book on "*The Growth of Capital*" (see p. 41). The total for the ten years ending 1885 was 362 million £, exclusive of issues for miscellaneous companies and mining companies, which would bring up the total in some years to from 15 to 20 million £ a year more. The issues in the last five years of the period were also greater than in the first five years. In a recent speech at Croydon, the President of the Board of Trade stated that, according to figures which he had caused to be extracted from the "*Economist*," the issues in the five years ending 1896 had amounted to about 283 million £, which is at the rate of 56 million £ annually, or at a rather greater rate than ten years before. In the time at my disposal it has not been possible for me to have a complete and exhaustive list made for the whole period; but figures I have obtained quite confirm Mr. Ritchie's statement. A complete statistical account would not be very easy, owing to the difficulties occasioned by issues in more countries than one, and to the distinction that would have to be made between the nominal amounts of the issues and the sums actually invested abroad—a distinction of obvious importance in connection with the issues of public companies. Still we do not need such an



account to perceive how the facts lie—that there is a steady issue of new securities on account of foreign countries and British colonies, greater in some years than others, but never altogether ceasing. The figures suggest that in the sixteen years since 1882 the new public investments abroad have amounted to over 800 million £, and although part of the sum may have been nominal only, the real investment must have been enormous.

I may refer especially also in connection with this subject to the large and profitable results which have been obtained in the last ten years or thereabouts in South Africa and in Western Australia. There are bad as well as good investments, and our special business in this connection is rather with the return upon the investment than with the investment itself. The annual product then of the gold mines in these two districts alone, no part of which returned any interest to speak of in 1882, now amounts to upwards of 20 million £, and may possibly in the current year or the next greatly exceed that figure. The share of this 20 million £, which comes to this country as profit, must be very considerable. No doubt there are losses to be considered on the other side, as more than one country has defaulted and reduced the interest paid upon its indebtedness, while in Australia, although the Governments have not defaulted, there has been a great reduction on the interest upon deposits made in the banks of those countries. But looking at the matter generally, there can be no doubt that the return on foreign investments on balance has increased, and that in the present year we are entitled to receive more interest than in 1882; possibly 90 million £ now would not be far off the mark.

An interesting letter from an undoubted authority, signed "Blue Book," appeared in the "Times" of 29th November last, from which I should like to make the following extracts:—

"The income of foreign origin remitted to this country, so far as it can be identified, is assessed to income tax, partly on "Schedule C (interest payable out of public revenue of foreign countries and the colonies), and partly under Schedule D (interest on other foreign securities, profits from railways abroad, and other foreign profits).

"The income tax in this way in the year 1896-97, the latest for which figures have been published, was 56,318,000£, and the excess of imports over exports in the year 1896 was 146 million £, leaving a balance of 89,682,000£. to be accounted for in other ways.

"Going back twenty years to the calendar year 1877, and the financial year 1877-78, I find that the amount of foreign income tax was 28,774,000£, and the excess of imports 141 million £, leaving an uncovered balance of 112,226,000£.

“It is true that the income tax figures do not carry us beyond the year 1896-97, but before drawing any conclusions as to the cause of the growth in the excess of imports in 1897-98, it may be as well to await the income tax returns of those years.

“It must also be borne in mind that the figures give only the foreign income which can be identified as such. There must be a very large amount of income remitted from abroad which would appear in the income tax returns as the profits of businesses carried on in the United Kingdom, such as insurance companies, investment trusts, and land mortgage companies.

“In the ‘Banker’s Magazine’ for the current month there is an article on the interest problem in life insurance, from which it appears that the published returns of 1898 show an investment of nearly 13 million £ on mortgages outside the United Kingdom, and that this item has increased by 7 million £ since 1890.”<sup>1</sup>

These statements which are made by “Blue Book” from intimate acquaintance with the figures of the Inland Revenue Department, must carry conviction, along with the information from all other sources, as to the extent of the income derived in this country from its foreign investments. The sum that is known is so large that if we add to it even a moderate estimate of what is not quite known, and include the income from pensions, &c., which apparently would not figure in the income tax returns as profits on capital, it can easily be seen that the figure of 90 million £ which has been stated is not far off the mark.

Our commission business must also have increased very considerably since 1882. London is even more than it was the centre of the banking transactions of the world. The increased movement of foreign trade in our own country, as we have seen, is from about 700 million £ to over 800 million £ annually in the period between 1882 and the present time. Assuming that our commissions have increased no more than in proportion to this increase of trade, and that the figure of 16 million £ in 1882 was a reasonable estimate, we should now be quite justified in assuming a figure for the present time of 18 million £. On this head little more than a guess can be given, but the figure must be large.

The subject of freight earnings, however, appears to me of even more interest, partly on account of the magnitude of the sums involved, and partly on account of the great development of our shipping trade which has taken place since 1882. In the paper of 1882 the amount of our shipping was stated as just

<sup>1</sup> In these extracts the figures of the excess of imports are not the same as in the above tables, the difference arising from bullion being included in the tables and not so here.

under 4 million tons of sailing ships, and  $2\frac{1}{2}$  million tons of steam ships, total  $6\frac{1}{2}$  million tons. Since that time the sailing ships have diminished to  $2\frac{1}{2}$  million tons, but the steam fleet has increased to  $6\frac{1}{2}$  million tons. The change represents an enormous difference in efficiency. Applying the same rule that was applied in 1882 so as to reduce the efficiency of the mercantile fleet to a common denominator, that is multiplying the steam ton by four to show its equivalence with the sailing ton, we may say that the capacity of the mercantile fleet of the United Kingdom since 1882 has increased from about 14 million sailing tons to about 29 million sailing tons; that is, the tonnage is practically double what it was.<sup>2</sup> Using the formula of 1882, viz.: 5*l.* per ton as the annual earnings of sailing ships, and 15*l.* per ton as the annual earnings of steamers, we should reach a sum of no less than 110 million £ annually as the earnings of our mercantile fleet, which would of course more than account, with the other items mentioned, for the excess of imports.

We cannot, however, suppose the earnings to be quite so large per ton. We know from other sources that freights have been reduced since 1882. In the special statistical tables relating to British trade and production, 1854-95, issued by the Board of Trade in 1896 (C-8211), there is a statement showing what the course of freights has been from 1872, and I have had these figures continued to the present time. The following short summary will give some idea of the changes:—

*Freights in 1880-81 and in 1898 compared.*

	1880-81.		1898.	
	s.	d.	s.	d.
Grain—				
New York to United Kingdom, per quarter....	6	—	3	9
Philadelphia to United Kingdom, per quarter	6	—	3	9
San Francisco to United Kingdom, per ton } of wheat.....	62	6 to 65	25	— to 27 6
Odessa to United Kingdom, per quarter .....	20	—, 22 6	11	—
Guano—Chinchas to United Kingdom .....	40	—, 42 6	26	3 to 27 6
Rice—Rangoon, &c., to the United Kingdom, } sailing ship.....	50	—, 52 6	26	3 —
Coal—				
Wales to Aden, per ton .....	19	6 —	16	— —
„ Bombay .....	22	—	15	3 —
„ Gibraltar .....	9	6 —	8	6 —
„ Madeira, sailing vessel .....	12	—	8	3 —

<sup>2</sup> Assuming the steam ton to be no more than the equivalent of three sailing tons, it would still be true that the efficiency of the fleet has been doubled since the date in the paper of 1882. This is confirmed by Table E in the Appendix, showing an increase in the quantity of coal put on board steamers for consumption in the foreign trade from 5 to over 11 million tons since 1880-82.

It would have been instructive to pick out one or two of the items to show the complete history, as freights have been higher during the last two years than they appear to have been for some years before; but the changes have evidently been very considerable, and they apply to a very important part of the shipping trade, principally to the steamers conveying goods on long voyages. It does not follow that there is an equal and universal reduction in the earnings of our mercantile fleet as there is in the freights quoted. Many of the vessels depend largely on the mail and passenger traffic, while it will be observed that the diminution in the rate of freight on short voyages, even in the above table, is much less than on long voyages. The carrying capacity of ships has also increased, so that if they get less per ton for what they carry, yet as they carry more tons, their gross earnings are not proportionally reduced. Still there is a great reduction of some kind in earnings per ton, and although the mercantile fleet has been increasing, as we have seen, there can be no doubt that the larger amount of work that it has been doing has been at a less rate, so that the gross income of the fleet cannot have increased in proportion.

I have collected and put in the Appendix (see Table F) a considerable number of statements which I have been able to obtain from shipowners and others acquainted with the trade, bearing upon the question of the diminution of gross earnings per ton since 1882. I should be inclined to infer from these that the gross earnings of sailing ships can hardly be put down now at more than 4*l.* per ton annually, allowing for want of employment at times, which would give a gross income for sailing ships of about 10 million £. The gross earnings of steamers, again, instead of being put at 15*l.* per ton, as was the case in 1882, I should hardly put at more than 12*l.* per ton, one year with another, at the present time, which would give about 78 million £; total sailing and steamships together, 88 million £. This is much less than the 110 million £ above mentioned, but it is a large sum.<sup>3</sup>

Even if the sum should be subjected to considerable reduction for outlays upon the ships spent abroad, and for other reasons, we should still get a large figure. To be quite safe, I propose to put the figure at from 70 to 80 millions at the present time. Whatever may be the exact sum, it seems plain that the earnings of our mercantile fleet are so considerable, that along with the income from our investments abroad, and from commissions, there can be no question of the excess of imports being sufficiently, and more

<sup>3</sup> The different meanings of the word "ton" applied to shipping business should be attended to. A "ton" of shipping is a unit of measurement, and a ton of freight may be a ton weight only. The context usually indicates the meaning.

than sufficiently, accounted for. There can be no question indeed that even in a time like the present, this country is continuing to add to its investments in foreign countries.

Before leaving this question I should like to mention a point that was not referred to in my former paper, but which has been already glanced at, viz., the question of the ownership by British merchants and others of ships sailing under foreign flags, and which do not form part of the registered shipping of the United Kingdom. Some of you would not fail to notice that among the Spanish ships captured by the American fleet in the course of the recent war, were ships which proved in fact to belong to merchants in Liverpool,—Spanish, or Anglo-Spanish firms. While the ships were really, and I suppose properly, flying the Spanish flag, they were in fact owned by merchants resident in the United Kingdom. There is reason to believe that this ownership of ships under foreign flags is very extensive in the United Kingdom, however it is managed, and the economic effect is to a large extent the same as if the ships were registered in the United Kingdom and considered to be British ships. The difference is that the crews are more largely of foreign nationality, and the pay of the crews would, therefore, go to the credit of the foreign nation to which the members belonged, and not to the credit of the United Kingdom. Still to a large extent a great deal of the cost of running these ships and of the profits earned ought to come into account as part of the earnings of the shipping fleet of the United Kingdom. Of course care would have to be taken in going into such a subject in detail to avoid duplications. The earnings of the ships must not be counted, and then the capital invested treated in some other account as part of the English capital invested abroad.

Putting all the facts together, the conclusion is established that probably even an excess of imports, at the present time amounting to 160 million £ annually, is no more out of proportion to our business than was an excess of 120 million £ about 1880. The addition is really quite inconsiderable, looking at the great development of our foreign investments and our ship-owning that has since occurred. But for our continuing to lend and re-invest abroad, the excess of imports would no doubt be larger than it is.

## II.—*The Increase in Foreign Countries.*

Without going so fully into the question of the excess of imports over exports in foreign countries, we may give a glance at the facts in one or two of the leading countries to compare with those which we have just stated for the United Kingdom. In the Appendix accordingly there are continued one or two tables relating

to France and the United States which appeared in the paper of 1882, and a table relating to Germany is added (see Appendices B, C, and D).

France is obviously another instance of a country having an excess of imports like England. Except for a few years after 1860, and then for the two years 1872-73, when France was paying the war indemnity to Germany, there has been an excess of imports in every year since 1860. In proportion to the total trade, however, this excess is not nearly so great as it is in the United Kingdom. In the last year of all, 1897, it is just under 5 per cent., although in former years it has been greater, amounting to  $12\frac{1}{2}$  per cent. and upwards of the total trade between France and other countries. What is perhaps most interesting for our present purpose, the history is not quite the same as it has been in the United Kingdom. At the time of my former paper, viz., in 1882, the excess of imports amounted on the average to 51 million £ annually on a total trade of 450 million £, or thereabouts, which shows a proportion of about 11 per cent., but only in two years since that time, viz., in 1885 and again in 1891, has that amount been exceeded, the excess in those two years being 54 million £. In all the other years the figure is less than it was thirty years ago, and in recent years it has been declining, the average in the last three years of all, 1895-97, being just over 15 million £.

This difference in the experience of France compared with our own does not appear to be due to any increase in the export trade, which remains substantially about the same total that it was twenty years ago, but it is partly due to the steady falling off in the imports which has taken place, these imports which were close upon 260 million £ in 1880-82, being now about 220 million £ only. Why the imports into France should have declined so much while our own have been increasing, seems to be a matter for an interesting inquiry. One explanation obviously is that France is a country of stationary population, and consequently the fall of prices of commodities, which tends to diminish the nominal volume of the foreign trade, is not compensated by the natural tendency for the trade to increase along with an increase of population.

Another explanation is that the difference in the experience of France must be partly due to the fact that France is without that important element which gives us a large part of our excess of imports, viz., the earnings of an immense shipping fleet. Of course, as the imports have diminished, while the exports have not diminished, the inference would seem to be justified that France in recent years has been increasing its investments in foreign countries. Otherwise the exports would probably have

been even less than they have been and the excess of imports larger than it is.

Let us take next the case of Germany, which is also a country that has plainly come into the class which are entitled to an income from other countries, either by means of their investments abroad or by means of their carrying power. The excess of imports in Germany, then, has been on the average during the last few years about 40 million £, even larger figures having been reached in one or two years. I am sorry that the figures cannot be carried very far back with any confidence. Statistics of the foreign trade of the German Empire only begin about 1880, and various changes have from time to time occurred, such as those in connection with the incorporation of Hamburg and other free cities in the Empire which are apt to make comparisons with previous periods very difficult. There seems no reason to doubt, however, that the suggestion of the table as to the small amount of the excess of imports before 1889 is a correct one, and that it is only of late years that Germany has become a country with a large excess of imports. This is the result of the great development of German trade which has been going on since 1870, and we may accordingly expect an increase of the excess of imports to continue. Germany, it should be understood, is different from France in this matter. It has now a much larger mercantile fleet than France possesses, and it has a growing population full of energy and spirit.

Coming next to the United States, we have to deal with a country where there is commonly an excess of exports. This was apparent in the discussion in 1882, and the characteristic continues. In the last year of all the excess is in truth enormous, being almost as remarkable on that side as is the excess of imports into the United Kingdom on the other side. We find, in fact, that the exports of merchandise and specie together in the year ending 30th June, 1898, were 271 million £, while the imports were 160 million £, the difference being no less a sum than 111 million £. In merchandise alone the difference amounts to 124 million £, which would have been the figure but for the unusually large imports of bullion into the United States last year. The proportion of the excess of exports amounts to no less than 25 per cent. of the total trade of the United States.

These figures, however, can hardly be said to be normal. If we look back we find that in some years the excess of exports sinks to figures like 18 million £ and 13 million £, while we have such a figure as 1,935,000*l.* in 1887, and we have actually an excess of imports amounting to 8,525,000*l.* in 1888. The figures are so irregular that it seems hardly possible even to give an



average, while it is also obvious that there is excessive irregularity in the exports of the United States themselves. Although the total exports of merchandise last year were 256 millions, the amount three years before this—1895—was 168 million £ only. The irregularity when investigated appears to be largely due first of all to the changes in the harvest, and next to the great difference which is made by a difference in price like the rise in wheat which took place about eighteen months ago. We can hardly infer therefore that an excess of exports in the United States amounting to 111 million £, represents a normal condition of affairs, although on the average, when we take long periods into account, there would appear to be usually an excess of from 20 million £ to 30 million £ annually.

There are obvious reasons why the United States should have an excess of exports. In the first place the United States has to pay in its exports for the share of the carriage of goods in its foreign trade which is performed by foreign ships. This is a very large figure. In recent years the proportion of the imports and exports of the United States carried in foreign ships has ranged between 75 per cent. and 80 per cent., so that the United States is a country which has to pay other nations for the carriage of its goods in the foreign trade. It may be mentioned by the way that the foreign country which does the carrying trade for the United States is mainly the United Kingdom, and in this difference between the two countries accordingly we have, *pro tanto*, an explanation of the excess of imports in the case of the United Kingdom, and of the excess of exports in the case of the United States. Next, the United States is a country which owes money in various ways to foreign nations. There is an annual stream of American visitors to Europe, and there is an American colony permanently residing in Europe whose expenses have to be paid for. More important still, a great deal of capital has been invested in the United States by Europeans,—by English people, by Dutch people and Belgians, as well as by French and Germans, not to speak of minor nationalities in Europe. The interest on this debt has of course to be paid in exports, unless to the extent that in any given period re-investments are made in the United States. In these various ways then an excess of exports from the United States can be accounted for, and it may be questioned whether in recent years, when the excess of exports was so large, any great withdrawal of capital from the United States was in progress.

The excess of exports from the United States, it should also be noted, appears greater than it ought really to do, in consequence of the method of valuing the imports in the United States. Here the valuation is not taken as at the place of arrival, which we

have assumed to be the more frequent practice among nations, but the goods imported are valued as at the place of shipment, and without any part of the cost of conveying them from the place of shipment to the port in the United States being added. Were an addition made on this account the excess of exports from the United States would be somewhat less than it appears to be.

There are indications of a change in the general position of the United States in the world as an importing and exporting country being not very far off. The circumstances are such that the United States are probably beginning or about to begin to diminish their indebtedness abroad, and gradually to take a part among the exporting nations which are even investing in other countries. They are also beginning to resume the business of ship-owning in the foreign trade, which will be another source of credit to them abroad. It will be of interest, therefore, during the next few years to watch the development of the United States, and to see whether in turn they will become one of those countries where there is a steady excess of imports over exports.

### III.—*The Variations of Excess of Imports in Trade with Different Countries.*

To add to the information on the subject it may be desirable to make some inquiry as to the amount and proportion of the excess of imports which we have to consider, not merely in our trade with the world generally, but in our trade with particular countries. This is not with any idea that there ought to be the same sort of balance in our trade with every particular country. On the contrary, the true notion is, as was explained by Cobden long ago, that a nation in this matter is like an individual tradesman. A baker, or a butcher, or a shoemaker "exports" the particular goods which he produces to such customers as he can find, in order to obtain an income which he can spend in any way that he pleases. The butcher does not send his joints to the baker and the shoemaker with the expectation that he is to get an exact return from one or the other; and it is the same with these tradesmen, each in his own trade. So it is with nations. We send abroad such of our goods as we have a surplus of to those customers in foreign countries that desire to take our goods, and we mean to use the money thereby obtained to purchase whatever goods we require in the markets of the world generally. We send cotton goods to India, for instance, and coal to many places of the world, in order to obtain a fund with which we can buy wheat and other things from the United States and those countries which have wheat and the like articles to send to us,

those countries in turn buying from India and elsewhere the articles of tropical produce which they require, and paying for their purchases by drafts upon England against the wheat which they have sent there. Still, in view of the fact especially that we have so much interest to receive from abroad for which we make no return, and that we have so much to receive in respect of the work done by our ships in carrying goods and passengers which does not figure as an export, it becomes interesting to notice what the nature of our trade is, and in what different degrees there is an excess of imports from particular countries, and to what countries, in spite of our general excess of imports, we really show an excess of exports in our trade with them.

The tables which are given in the Appendix (see Appendices G, H, and I) help to answer the question. In these tables the trade in merchandise is shown separately from the movements of bullion, and a special table is also added for the trans-shipment trade which is not required in the general tables above given, as the trans-shipments in and out balance each other, but which is necessary now, as we receive more from some countries for trans-shipment than we send to them, and send more to others than we receive from them. Our trade is shown separately with each individual country, and in the merchandise tables these countries are also divided into groups for convenience of reference.

Beginning with the merchandise tables, we find that in the first group of all, that of the northern European countries, comprising Russia, Sweden and Norway, Denmark and Iceland, Germany, Holland and Belgium, in 1897 our imports from those countries amounted to 124 million £, and our exports to 81 million £, the result being an excess of imports from this group amounting to 43 million £, which is in the proportion of more than 20 per cent. to the total trade. In the trade with one of these countries only—Germany—is there an excess of exports, the excess amounting to nearly 6 million £, or about 10 per cent. of the total trade. Still it would hardly be fair to take Germany separately in such a question, as so much of our trade with Holland and Belgium is really trade in transit to and from Germany.

The next group in the list is that of southern European countries in which are comprised France, Portugal, Spain, Italy, Austrian territories, Greece, Roumania, and Turkey. Here we find that there is a still greater excess of imports in proportion. The imports amount to about 84 million £, and the exports to 43 million £, the difference being 41 million £, which is in the proportion of about 33 per cent. of the total trade. The greatest excess is shown in the case of France, the excess amounting to 34 million £ in a total trade of 73 million £, or not very far from

one-half. The peculiarity of Italy in this group showing an excess of exports—that is, an excess of exports from this country to Italy—would seem to be accounted for in part by the possibility of certain portions of the trade with Italy being done through Germany, France, and other countries, and also by the fact that Italy is one of those places which receives a great many British tourists and a great many British residents.

The United States, group 5, is the next important country to mention in connection with the excess of imports. The excess here amounts to 75 million £ upon a total trade of 150 million £, again exactly one-half.

Among foreign countries besides, there are four smaller groups 3, 4, 6, and 7, which may be dismissed very briefly, as they are mainly countries to which there is an excess of exports, the aggregate trade, however, of all these groups being of less amount a good deal than that of the countries which have already been mentioned. In group 3, which is that of the foreign possessions of European countries, the imports are 3,382,000*l.*, the exports 5,156,000*l.*, the difference being 1,774,000*l.* In group 4, that of the Asiatic foreign countries, comprising Persia, Siam, China (exclusive of Hong Kong and Macao), and Japan, the imports amount to 4,413,000*l.* and the exports to 11,756,000*l.*, the difference being 7,342,000*l.* In group 6, which comprises the various countries on the American continent, excepting the United States and British possessions on that continent, we find that the imports amount to 16,868,000*l.* and the exports to 19,891,000*l.*, showing a very small excess of exports, which is also pretty evenly distributed. Finally, in group 7, which includes mainly minor foreign countries in Africa, we find that the imports amount to 11,300,000*l.* and the exports to 8,514,000*l.*, showing a net excess of imports of 2,786,000*l.* The excess of imports, however, entirely arises here in the trade with Egypt, and generally to all the countries in 3, 4, 6, and 7 the rule of an excess of exports from this country applies. In the aggregate our export trade to such countries, though relatively small, looking at the great volume of our foreign trade, is still important, amounting to about 45 million £, which is nearly one-sixth of our total export trade, and the aggregate excess of our exports in these cases amounts to about 9½ million £, while apart from Egypt it would amount to over 14 million £.

So far then it would seem that in our dealings with foreign countries we receive a large excess of imports from European countries and from the United States, while to the minor foreign countries we send an excess of exports very material in amount in proportion to our total trade with them.

There is placed together in a separate group our trade with British colonies and possessions. Here we find that the total imports amount to 94 million £ and the exports to 87 million £, showing a total excess of imports of 7 million £, which is very small in proportion to the total trade, implying a condition of things intermediate between that existing in our trade with European countries generally and the United States, and that existing in our trade with minor foreign countries. The excess of imports is much smaller than it is in the first case, and it contrasts with an excess of exports in the latter case. Looking further into the matter, however, we find that the indications geographically in the trade with British colonies and possessions are not different from those in the geographical arrangement with foreign countries. We find, in fact, that in our trade with British North America alone there is an excess of imports amounting to 13 million £, and on the average in the case of our other American colonies there is an excess of exports. One other important group with which there is an excess of imports is Australasia, which sends us 5,666,000*l.* more than we send to it. The country to which we send on balance the largest excess of exports is the Cape of Good Hope and Natal, but this may be explained in part by the fact that we are now dealing with merchandise only, the bullion table to be noticed presently showing an excess of imports, and by the fact already referred to, that in our trade with this region the import of diamonds, amounting to 4 million £, does not appear. The excess of imports in our trade with European countries and the United States would probably also be diminished *pro tanto* if we could include the export of diamonds to them and other articles which now escape registration. Perhaps the most interesting case of an excess of exports on a large scale is that of British India, from which in 1897 we received imports amounting to 24,813,000*l.*, and to which we sent exports amounting to 28,009,000*l.*, the difference or excess of exports amounting to 3,196,000*l.*, which is increased as we shall find presently if we include bullion.

Altogether putting foreign countries and the colonies together, we find that the excess of imports in our trade with countries where such an excess exists, amounts to no less a sum than 201,686,000*l.*, which is set off by an excess of exports in our trade with other countries amounting in all to 44,831,000*l.*, leaving a net excess of imports on balance of nearly 157,000,000*l.* The countries from which we receive the excess are mainly the European countries and North America, but we also find Australasia in the same category. Generally to the rest of the world we export more than we import.

This view is not substantially altered if we look at the figures of the trans-shipment trade. By the nature of the trade, as already explained, the total imports are identical with the exports, each amounting to about 11 million £; but in several important cases the excess of imports already noticed is increased. This is especially marked in our trade with France, where there is an excess of imports in the trans-shipment trade to be added to the large excess already noted, amounting to 3,707,000*l.* In the case of other countries, the effect of including the trans-shipment trade with them would be to diminish the excess of imports. This is particularly so as regards Australasia, the United States, and our North American colonies. To Australasia in the trans-shipment trade there is an excess of exports of 978,000*l.*; to British North America 410,000*l.*; and to the United States 3,181,000*l.* These amounts, though considerable, are not however very important relatively, looking to the magnitude of the excess of imports already stated. To British India it will be observed there is a small excess of exports in this trans-shipment trade, so that the excess of exports shown by the principal table is not affected.

The bullion table affects different countries very differently. We now find that in the case of Russia among European countries, the excess of imports is set off by an excess of exports of bullion amounting to nearly 7 million £, while to Germany, where in merchandise alone imports and exports nearly balance, there is an excess of bullion exports amounting to 12 million £. In the case of France among other European countries the excess of imports would however be increased by 1,538,000*l.* if we include the bullion. *Per contra* among European countries the excess of exports to Austrian territories would be increased by 4,205,000*l.* In the case of the United States the excess of imports we receive would be increased by no less than 8,931,000*l.*, a set off to the excess of exports in the trans-shipment trade, leaving the excess of imports shown in the main table comparatively unaffected. The principal other facts to notice appear here to be (1) the excess of imports of bullion from producing countries, viz., 3,050,000*l.* from Mexico and Central and South America, 13,593,000*l.* from British possessions in South Africa, and 10,546,000*l.* from Australasia, the two former balancing *pro tanto* the excess of exports to those countries already noticed, and the latter swelling the excess of imports, making altogether a very large excess of imports from Australasia; and (2) the excess of exports to India amounting to 7,659,000*l.*, which adds, as already stated, to the excess of exports generally already appearing in our trade with India. To Japan there is also a large excess of exports of bullion, which is no doubt connected with the special circumstances of that country recently as the receiver of



a large war indemnity which it uses to establish a gold standard. Generally the bullion movements do not modify the main facts to be explained by the excess of imports from European countries and North America, and from Australasia, coupled with an excess of exports to the minor countries of the world and to India.

The facts obviously suggest what has been already said as to triangular trade. No one can suppose that some of the countries to which we send a large excess of exports are less indebted to us, both for services in connection with the carrying trade and for interest on investments than other countries from which we receive an excess of imports. India is a good case in point. The excess of exports here, putting merchandise and bullion together, exceeds 10 million £, although India is peculiarly an indebted country to England and generally exports more than it imports. As we are not making large new loans to India, though we are lending a little, the explanation can only be that India pays us by sending goods on our account to other countries from which we import largely, and whom we pay by setting off our credit on India against our debt to them. It is the same with other countries, but India happens to be a good illustration.

Besides the fact of the triangularity of trade, however, the facts also reinforce the applicability of the statements already made as to the cause of the excess of imports generally into this country. The countries from which we receive such excess are either for the most part countries which are largely indebted to us for carrying services, or countries indebted to us for interest or both. As regards carrying services we have already mentioned incidentally the amount of work done by foreign shipping, in the trade of the United States; but a more general comparison can be made, not merely with reference to foreign shipping, but with reference to British shipping, especially in the trade of certain foreign countries. The following is such a comparison:—

*Excess of Imports into the United Kingdom from the undermentioned Countries, and Proportion of their Foreign Seagoing Trade carried on in British Ships.*

	Excess of Imports. In thousand £'s. [000's omitted.]	Proportion of Trade in British Ships.
	£	Per cent.
Russia .....	10,415,	54'4
France.....	33,829,	45'6
United States.....	75,108,	56'1
Holland .....	17,986,	53'4
Belgium .....		—
Germany.....		35'5



The correspondence in the case of the United States is especially remarkable, and other facts of a like kind could be obtained if the trade of the world were to be examined minutely. Of course we do a great deal of carrying work for other countries, such as India, to which we send a large excess of exports; there is no exact correspondence between the excess of imports in given cases, and the fact that we do a large amount of conveyance for the countries concerned in such cases; but the indications are sufficient to show how material is this fact of the work done by our shipping in the trade with foreign countries.

It cannot be said that these remarks apply so much to the subject of interest received from abroad. A country like France for instance is clearly not indebted to England as the United States is supposed to be, though it is clearly a country for which we do carrying services. But the United States at least is largely indebted to us for interest, and so to some extent is a country like Russia, though it is not so much indebted as it once was.

The case of India appears to be so peculiar as to deserve a special remark. It is a country whose carrying trade is mostly done by British ships: it is largely indebted to the mother country both for interest and for salaries, annuities, and pensions. It is a typical country from which, other things being equal, we should expect to receive an excess of imports. But the contrary, as we have seen, is the case. The explanation can only be that the goods which India can export are suitable largely for the consumption of other countries than England, and the goods which it desires in return are goods which England produces and manufactures. India in fact sends opium, rice, silk, and other goods to Asiatic countries, and to France and other European countries, while its principal imports, apart from bullion, which comes to India mainly through England, consist of manufactured cotton goods, in whose manufacture Lancashire is pre-eminent. The special case of India then does not affect the general impression of the figures.

In consequence of the interest of the question, I have also added in the Appendix (see Appendices K to O) tables showing the excess of imports or exports in trade with particular countries in the case of France and the United States.

The case of France it will be seen is specially interesting. Like this country, France receives an excess of imports from the United States, though not on the scale that we receive, as the excess is 6 million £ only. It also receives an excess of imports from Russia and other countries, as we also do. But it sends a large excess of exports to the United Kingdom, corresponding, though not exactly, to the excess of imports we receive from it,

and an excess to Belgium and Germany. The triangular trade in the case of France, therefore, apart from the debt it owes to us for conveyance, is thus very largely a trade in which France, by exports to the United Kingdom, obtains the means of paying the debts which it incurs to the rest of the world for imports. How indispensable England is to France, as it is to many other countries, was shown in so striking a manner on a recent occasion, that no comment is needed. Cobden was not so wrong after all in his idea that free trade would bind foreign countries to us with chains it would be difficult to break.

With regard to the United States, the tables show that the country exports more than it imports, not merely to the United Kingdom, but to other European countries, mainly France, Germany, Belgium, and Holland. The United Kingdom, however, is so far the most important customer of the States, and, of course, in performing the carrying trade it becomes entitled to a share of what the United States sends to Europe. The United States as already explained is an indebted country, and part of its excess of exports is no doubt to pay its debts, but that cannot be the whole explanation. *Per contra* the United States has a large excess of imports from Brazil, China, the British and Dutch East Indies, and Japan, to which, as we have seen, the United Kingdom exports generally more than it imports—again an illustration of the triangular trade. The table also suggests an explanation in part of our own excess of imports from British North America, Canada being one of the countries to which the United States sends a large excess of exports. Canada thus obtains by its exports to the United Kingdom the means to pay for its imports from the United States.

The tables for France and the United States, therefore, taken from the returns of those countries, fully confirm the figures of the trade returns of the United Kingdom. The excess of imports exists in countries which have interest and charges for conveyance to receive, and especially in England, which is the most important creditor and the most important carrying country. But it also exists in part because countries like the United States, France, and most other countries send to us goods for which they find a better market here than elsewhere, and use the credit they obtain thereby with which to pay for their purchases throughout the world generally. Hence we have an excess of exports to countries like Brazil and British India, which is balanced in part by an excess of imports from those countries into the United States; and we have an excess of imports from Canada which is balanced by an excess of exports from the United States to Canada. An attentive student of the returns of the great countries of the

world in detail, observing the articles of the trade as well as its general course, would probably be able to supply a most interesting bird's eye view of the world's commerce—the nature of the exchanges, the area of the consumption of different articles, and the way in which the accounts are finally cleared and settled in Lombard Street. The principal features are, however, unmistakable, and should convince the most careless of the wide study that is required to follow the changing currents of trade and interpret the nature and causes of the changes.

#### IV.—*The Alleged Stationariness of our Exports.*

The remaining point of view from which it was proposed at the outset to examine the facts as to the excess of imports, is that of the connection of this fact with the stationariness or alleged stationariness of our exports themselves. There would not be so many expressions of alarm as we find now about the fact of an excess of imports, if it were not that it is supposed our exports are not maintained. Part of this alarm is based upon the idea that our trade is going down and that we are living on our capital, an idea which it seems hardly worth while to discuss formally after the facts stated in the early part of this paper; but the idea is also entertained that the great importations we command because of our being creditors of foreign nations, and because of the services we render as carriers, impede the expansion of our export trade itself, as we obtain the goods we require from abroad in another way. Is our export trade really checked? What will be the effect on it in the long run of a steady growth in the excess of imports, however natural and legitimate, and significant of a profitable condition of our trade, that excess may be?

There seems good reason to doubt, to begin with, whether as yet there is any check to our export trade, when we examine all the facts carefully. There is an appearance of stationariness. The exports of British and Irish produce still range about 230 to 240 million £ per annum as they did ten years ago, and even long before that, in the booming years of the early seventies. But as I had the opportunity of explaining at a meeting of the Society as long ago as 1879, there may be such appearances without the reality. The decline which was then apparent was one of price only, and was accounted for very much by a fall in the value of the raw material previously imported included in the manufactured articles exported, there having been really an increase in the exports of the produce of British labour. So now when we compare quantities with values, and follow the facts as to principal articles, we find the condition of our export trade by no means so

stationary generally as the first figures on the surface would appear to show. Let us analyse the facts.

The apparent stationariness, taking the most general figures, and handling them in a proper manner, is not what is popularly supposed. Taking the average of the three years ending 1897, and comparing this with similar periods, ten, twenty, thirty, and forty years before, we find that all through there is an increase, and that the only sign of stationariness is an increase at a less rate in the last periods than in the earlier periods. The comparison is:—

*Average Annual Exports from the United Kingdom in the undermentioned Periods compared, showing also the Amount and Percentage of Increase between each Period.\**

[In millions of £'s.]

	Total Exports.	Increase on Previous Period.	
		Amount.	Per Cent.
	£	£	—
1855-57 .....	134,	—	—
'65-67 .....	228,	94,	70
'75-77 .....	264,	36,	16
'85-87 .....	274,	10,	4
'95-97 .....	292,	18,	6½

\* These are the total exports, including foreign and colonial as well as British and Irish produce.

Thus there is no question of an actual decrease even comparing values only if we take long periods into account. It is obvious also that the increase in the earlier periods must have been quite abnormal, even allowing for the fact of a great enhancement of values due to the general rise of prices following on the Australian and Californian gold discoveries. The significant feature in the increase in the last two periods is that it is at a less rate than the increase of population in the interval, so that if the figures were a perfect indication of the growth of the exports of the produce of British labour, we should be able to say that these exports were not keeping pace with the growth of British industry in other directions.

The real increase, however, is at a greater rate than the figures show. 1. When we look at particular trades we find more than one instance of a great increase both in quantity and value during the last twenty years.

*Quantity and Value of the Exports of the undermentioned Articles of  
British Produce in 1877 and 1897 compared.*

QUANTITY.

		1877.	1897.	Increased Amount.	Per Cent.
Coal.....	mln. tons	15	37	22	146
Cotton thread, for sewing.....	} „ lbs.	11	26	15	136
Grease, tallow, and animal fat .....	} thend. cwts.	133	643	510	383
Jute yarn .....	mln. lbs.	15	52	37	246
Steel and manufac- tures of steel .....	} thsnd. tons	35	345	310	886
Oil and floor cloth ...	mln. yards	5	24	19	380
Spirits .....	thsnd. galls.	1,530	4,652	3,122	203
Wool, &c. ....	mln. lbs.	18	95	77	428

VALUE. [In thousands of £'s.]

	£	£	£	
Coal.....	7,844,	16,654,	8,810,	112
Products of coal.....	507,	1,667,	1,160,	229
Cotton thread for sewing.....	1,801,	3,321,	1,520,	84
Cycles .....	{ not separately stated }	1,430,	—	—
Fish.....	1,345,	2,036,	691,	51
Grease, &c.....	193,	575,	382,	198
Implements, &c.....	406,	1,364,	958,	236
Jute yarn .....	217,	526,	309,	142
Machinery, not steam engines.....	4,704,	12,157,	7,453,	158
Steel and manufactures of steel ...	1,525,	3,745,	2,220,	146
Oil and floor cloth.....	317,	1,042,	725,	229
Miscellaneous provisions .....	775,	1,084,	309,	40
Sewing machines .....	{ not separately stated }	1,074,	—	—
Spirits .....	374,	1,844,	1,470,	393
Wool, &c. ....	955,	4,034,	3,079,	322

It will of course be understood that this is a comparison of articles in our foreign export trade where there has been a considerable increase, in some cases a very great increase, in the last twenty years. It is only intended to show that there is no little vigour in certain departments of our export trade, and that we must not judge it exclusively by other departments, especially the textile branches, where there is a decrease or only a slight increase in value.

2. Some branches of our export trade again in the period in question are still affected by the fall in the price of the raw material previously imported which is contained in the exports. This is conspicuously the case in cotton piece goods. Here the increase in quantity is from 3,837 million yards to 4,792 million

yards, an increase of about 25 per cent. in twenty years, but the fall in value is from  $52\frac{1}{2}$  million £ to 46 million £, or 10 per cent. The explanation is that raw cotton has fallen in the interval from about 3*l.* per cwt. to about 2*l.* per cwt., or 30 per cent. Assuming that the raw material was formerly half the value exported, or say in 1877 26 million £, a reduction of that percentage in the latter amount would alone more than account for the reduction in the value of our exports of our cotton manufactures. The same with our woollen manufactures. The total value is reduced in the twenty years from about 18 million £ to 16 million £. But the reduction in the average value of wool imported is from 14*d.* or more to 8*d.* per lb., or more than one-third, and allowing this reduction to apply to one-half the contents of our exports of woollen manufactures, this would more than account for the reduction in the total exports, without any real reduction in the exports of British production contained in these manufactures.

Admitting then a check to the exports of our manufactures in certain directions, we have in the above facts of vigorous growth in other directions, and in the evidence that part of the decline is nominal only and not real, sufficient ground for doubting whether the assumption that our export trade has become stationary is justified. At most, it appears to me, the evidence only goes to show that an abnormal rate of growth prior to a period about twenty years ago has not been continued, and that there is still an increase from period to period which is not really unsatisfactory in amount.

Such being the facts, it is perhaps unnecessary to inquire as yet into the effects of an increase of our excess of imports in checking the expansion of our export trade, inasmuch as that expansion still continues. But the slower rate of increase and certain theoretical considerations appear to justify us in not entirely passing over the question. If the two things are not unconnected, then the slower rate of increase may be an indication of a greater change still being at hand. Is there really a tide in the export trade? and is the turn of the tide approaching, though it may not have actually come?

Answering these questions, we may say at the outset that there is no reason why a check to our export trade should not come without our prosperity thereby diminishing. The main exchanges in almost any community, the main production and consumption, are necessarily internal. Even in a country like England only a portion of the whole income of the people is derived from foreign exports—a portion which I estimated many years ago at from a sixth to an eighth only of our own aggregate income; and this would still appear to be a fair estimate if we exclude what we earn by our carrying trade. If from any cause that branch of our

industry should be diminished, it is surely quite possible that the diminution may be compensated by a simultaneous increase of the other five-sixths of our production. The only difference would be that we should do more at home and exchange less abroad. Why not? The assumption that in diminishing our transactions with foreigners we necessarily diminish our transactions altogether is entirely unwarranted, both theoretically and practically. We see even in our foreign trade how much the descriptions of goods which we produce for export change from period to period. It is no violent assumption that the change may go further, and that instead of certain of our producers making articles for export with which to buy abroad something we require, they may produce directly something we require at home.

The effect then of an excess of imports, arising either from the remittance of interest home on capital invested abroad, or in payment for services we render as carriers, must apparently be *pro tanto* to produce that very condition of things which will diminish the stimulus to our export trade. We get so far what we want from abroad in other ways, and therefore we do not require to export, and to make for export, so much as we should otherwise do. As the excess of imports increases also the condition becomes more and more unfavourable to an increase of our export trade. We get more and more of the sort of things we do want from the foreigner without exporting or making for export. Unless the nature of the articles which the foreigner produces should itself change greatly, the presumption is that, other things being equal, the change must tell, and that we shall export less in proportion as the excess of imports increases. Professor Marshall, in a recent letter to the "Times," laid great stress on the probability of the population of the United Kingdom being "saturated" with some sorts of produce, so that their new wants were more likely to be supplied at home and to give rise to demands for home production of some kinds.

It should be understood, however, that in all this there is no more than a presumption. In a given case, at a given period in economic history, the foreigner may develop some new production of an article we fancy, or the production at greatly diminished cost of some articles we would gladly take more of. In such a case the stimulus to our export trade would remain as before, notwithstanding the excess of imports. We cannot tell beforehand. We can only say that the presumption is the other way.

There is another mode also in which the exports may still be stimulated. We may re-invest the income due to us without bringing it home, and may increase our capital commitments abroad in other ways. But in this case the effect would also be



to diminish the excess of imports *pro tanto*, as we must believe it is in fact diminished in some years, when we find on looking over the figures that there is no year of a maximum excess of imports in which we have received all that is due to us, while in other years, as we received so much less, we must have been making new advances abroad at least to the amount of that difference. *This* stimulus to our export trade has thus not been wanting during the last few years. So long as it exists causes will be at work to limit the effect of any check to the expansion of our exports which is likely to be given by the fact that we have so much to receive from foreign countries in other ways.

It is not within the precise scope of my subject to discuss the whole question of a check to our export trade, I am only discussing it with reference to the question of the excess of imports; but having dealt with the subject at all, I may be permitted to add a few remarks of a more general kind.

There is one reason then on the surface of the facts why the exports of a country like England should not increase so rapidly as formerly, even if they are not checked, and that is the great diminution of the purchasing power of our foreign customers occasioned by the fall of prices. The most conspicuous reductions of prices occurred more than ten years ago, but the previous fall was not recovered from for many years. It is only quite lately that there are indications of a turn in the opposite direction. Such a fall could not happen without making all our foreign customers poorer. India, the Argentine Republic, the United States, Russia, and many more countries all felt the blow, having to send more and more produce to pay the same debt. But for the mitigation of the evil by the credit which England extended, the consequences must have been even more serious than they have been; but that they have been serious, and continue to be serious, is beyond all question. The change is on the whole advantageous for this country. The foreign market being limited by the limitation of the purchasing power of our customers, we have used the surplus arising from our receipt of so much from abroad at lower prices to add to our comforts and enjoyments of home production, and so there has been a simultaneous development of our home business which more than compensates the comparative arrest of our foreign exports. But it is the diminution of the purchasing power of our foreign customers, because they are sending us more produce for less money, which helps so much to make the change. We gain at their expense, whatever the cause of the lower prices may be. Of course they gain on the goods we do send them, which also go out at lower prices, but then the condition is that having to pay debts to us, they have more

to send than to receive, and the balance is accordingly all in our favour.

The other remark I have to make is on the allegation that foreign nations are taking away our export trade from us, the countries particularly mentioned being the United States and Germany. France, as we have already seen, though it is sometimes mentioned in the matter, does not really count, as its foreign exports are more checked than our own. With regard to the United States then, the obvious reply is that that country does not interfere with our export trade to any sensible extent in competition in third countries. Great as the increase of United States' exports as yet is, the exports are mainly of the goods which we and other European countries buy from the United States and like countries, and not of the goods we sell to them. The increase of United States' exports therefore is a cause for satisfaction to us in its bearing on our own trade, though the irregularity of the business forbids us to hope that these large exports will continue. In time the United States is likely enough to be a competitor in neutral markets, but this competition is not as yet a marked feature of United States' exports. With regard to Germany the conditions are different, as Germany is a manufacturing power of the same general character as England. There is no doubt also that Germany has to some extent taken the place which we held in some articles in some markets, and threatens competition generally. But this is the characteristic nevertheless of a portion only of the foreign trade of Germany, which finds in England itself one of its best customers, and has as yet not so very great an outlet in the neutral markets where we are in competition. Having regard to the history of the growth of our own foreign trade also, we need not be surprised at Germany increasing its foreign trade so rapidly as it has done, while it is a comparatively new beginner in foreign enterprises. It does not follow that at a later stage it will not be subject to the influences which have given us an excess of imports, and stimulated the development of our home trade.

#### V.—*General Observations.*

In dealing with the excess of imports there are various points as to the course of our foreign trade in recent years which have necessarily come under notice, but which appear to deserve consideration also from a different point of view than that of this special question.

One cannot but be struck by the incessant changes that are going on in the nature of our foreign trade. It is one thing at one period, another thing at another period; and a few years

suffice to make a great transformation. Probably this has always been the rule. At one time in the history of our foreign trade the export of raw wool, to use a common phrase, was king; at a later, the export of woollen manufactures; at a later still, the export of cotton manufactures; and last of all, about twenty or thirty years ago, the export of iron and iron manufactures. What we see in the recent history is that other things than those mentioned have lately been developing the most rapidly. Coal and other articles have been exported more largely than ever before, and they occupy a larger proportionate place in our export lists. Some entirely new articles, such as cycles, appear in these lists for the first time. At the same time our shipping fleet, whose work, as we have seen, is an export in a special form, has developed prodigiously. Coal and shipping together, we may say, now occupy a chief place such as was formerly held by wool, then by woollen manufactures, then by cotton manufactures, and then by iron and iron manufactures.

There are of course similar changes in our imports. We have been disproportionately increasing our imports of food articles for many years, and the raw materials we import have been changing. Jute, for instance, is a comparatively new article. Iron ore is a still newer article, the whole increase having taken place in this article almost within the last twenty years.

Although also the proportions of our foreign trade with foreign countries and British possessions respectively do not change much, there are changes in the case of particular countries of great interest. I would refer especially to the way in which the Cape colonies have come to the front in the last twenty years, compensating the falling off in our trade with a country like China, which, apart from other causes, has lost in purchasing power by the competition of other countries in regard to tea.

There is accordingly incessant change going on in our foreign trade. The conclusion to be drawn is that only a general survey can suffice to tell us how our business is going on. There may be changes in some directions, apparently of an adverse kind, but it is obvious that in a widely extended trade with constant changes going on there must be some adverse changes in detail, to permit of room for the changes of an opposite kind in other directions. Uniform expansion is practically impossible in a changing world. We must be content if, on the whole, there is advance.

This leads me to suggest that some of the recent complaints as to the falling off of our foreign exports in certain directions, and the causes of it, may not be quite well founded. We hear a great deal from many quarters, in consular reports and other publications, of the apathy of English merchants and manufacturers, by

which they lose custom in certain of the markets to which our exports have been sent. We hear incessant sermons in the press and elsewhere, to the effect that our merchants and manufacturers must bestir themselves or we shall lose our foreign trade. In the occasion for such sermonising we should not altogether believe, although we may be unwilling to say anything to weaken the force of incitements to energy and industry on the part of our traders. One reason for disbelief is that in all these complaints we simply hear one side, and we do not hear the statements of the particular traders and manufacturers who are said to be losing the trade, on the other side. The whole history of English commerce has also been one of undoubted activity and energy on the part of those engaged. As Mr. Bagehot says in his "*Lombard Street*," part of our success has been due to the democratic structure of English commerce, which has given a fair field to energy and capacity. May not the explanation of many of these complaints then be in part, that as our trade cannot develop equally in all directions, our merchants and manufacturers have let slip the trade in certain directions where they could not maintain the rates of wages and profit which they were earning in other directions? This would explain what is the undoubted fact, viz.: the increase of our trade generally, taking home and foreign trade together, and the failure to compete in certain special directions, and would supplement the information derived from the foreign customers who complain of the want of elasticity and go among the English merchants and manufacturers from whom they would prefer to buy if they could. This explanation may not cover the whole of the complaints referred to, but I am quite sure that these complaints, when fully investigated, will be explained in part in some such manner. Many such changes must always be occurring in a widely extended trade, and we can only prevent false conclusions being drawn by looking at the subject as a whole, and not at one or two details merely.

If we could answer it, it would be an interesting question to ask, what is to be the direction of our foreign trade in future, perhaps of our trade generally? To such a question of course no one would pretend to make a complete answer. It may be doubted if any one, for instance, would have been able to predict twenty years ago the special development of South Africa which has occurred. Even those who knew most of the special resources of that region could not have been sure beforehand how far political and other circumstances would permit the development which has since occurred. No one also could have ventured twenty years ago to predict the immense development of our shipping in free competition with all the world which has since

taken place. The same chances remain for the future. Perhaps in Central Africa the experience of South Africa may be repeated—perhaps in Canadian territory, in Klondyke, or elsewhere. Possibly some other country may grow into prominence in our foreign trade. There is no use predicting or attempting to predict in such a matter. There may also be forms of activity like the further development of electrical energy which may give a new direction to our industries. Possibly there may be adverse changes in store for us in connection with such a business, as that of the export of coal, which we now send away from this country to the extent of 40 million tons per annum, in addition to 11 or 12 million tons shipped as bunker coal on board steamers. One of the recent features of the coal trade, as far as the export is concerned, has been the gradual limitation of the range of these coal exports themselves owing to the supply and competition of distant coalfields. It seems likely enough at no very distant future that the opportunities for exporting coal which we now have will continue to diminish. At the same time it may be many years yet before the actual export of coal will itself diminish, notwithstanding the diminution of the area to which it can be exported, and therefore we cannot say as yet that the recent direction which has been given to our export trade will certainly be changed.

We may say, however, that to all appearance, whatever form may be given to our industrial energies in the near future, it is by no means certain that the external trade of this country and that of the leading countries of the world is going to develop so rapidly in the future as in the past. There is a constant play between home and foreign trade, and the development in one generation in one branch of business is not followed as a matter of course by a continuance of the like development. The external trade also has apparently natural limitations. The chief foreign trade of the great nations of the world is already with each other and not with the outlying nations. It is quite impossible in the nature of things that the latter can develop so quickly as to materially affect the growth of the foreign trade of countries like our own, or France, or Germany. The purchasing power abroad of the inhabitants of India or China is very limited indeed, and cannot increase quickly. As nations advance, again, the proportion of the exchanges which are necessarily local in their nature appears rather to increase. These local exchanges are also by far the most important in every country, and all that I am noticing here is that the increase of civilisation, while it may increase the foreign trade in the aggregate, does not necessarily increase the proportion of that foreign trade to the whole business. It would be useless

to make any predictions, but we may affirm that the constant assumption of the relative importance of foreign trade at all times and places does not appear to be well founded. It may or may not be that foreign trade will develop specially in future, although trade generally, including both home and foreign trade, is certain to increase largely as inventions and the use of machinery continue to increase.

In any case, whatever may seem to be the most reasonable conclusion as to the future, our last word must be the importance of a general survey of trade, including both home and foreign, before any opinion can be justified to the effect that a decline of English trade generally has begun or is at hand. Many changes lie before us, but if there is to be decline we shall have very different symptoms to deal with from any that are yet manifest. I do not believe in decline, for the simple reason that with abundant capital and energy people can exchange with each other indefinitely, can make and consume what they most require; and to a country like England, with a large credit in foreign countries to begin with, this would be sufficient to insure all that they can want from abroad and ample prosperity at home. There is no dependence in such a country on any special conditions, because the time has gone past when people are obliged to live where their food and raw materials are grown. If there is to be decline, then, it will be our own fault and supineness, and not any lack of the conditions and the opportunity to advance.

#### VI.—*Summary.*

The principal conclusions and statements of the foregoing paper may be summarised as follows:—

1. The excess of imports into this country is neither singular nor novel. As was shown in the paper read at the Statistical Society on the use of import and export statistics in March, 1882, there is on balance an excess of imports when the imports and exports of the different countries of the world are added together. This is the result of the usual method of valuing the imports and exports—the former at the place of arrival, and the latter at the place of departure—so that as the exports of one country become the imports into another, the aggregate imports have necessarily added to them the cost of conveyance from the country which they left, and they are consequently larger by so much than the aggregate exports. It is not singular, therefore, that a country like the United Kingdom should show an excess of imports. The excess is also not a new thing in our case, because, since the year 1854, from which date exact comparisons can be made, we know that there has been uniformly an excess of imports



and an increasing excess, the amount rising from 37 million £ on the average of the three years 1854-56, to about 120 million £ on the average of the three years 1878-80, and to 140 million £ on the average of the three years 1893-95. The average at the present time is probably still higher—about 160½ million £; but there are great fluctuations, and the actual figure when the average of a few years comes to be taken may be a little different.

2. The excess of imports is subject to great fluctuations like the imports and exports themselves. Although the figure of 120 million £ was reached about 1878-80, this being the figure which was dealt with in the paper read in 1882, the amount fell to 91 million £ on the average of the three years 1884-86, and to 95 million £ on the average of the three years 1887-89, the figure in 1886 being also as low as 80 million £, and in 1887 82 million £. The tendency apparently is for the excess of imports to increase in years when the credit of foreign countries or British possessions decreases, and *vice versa*. But from whatever cause the variations arise, it is obvious that this is one of those cases where long averages must be looked at in order to arrive at a true impression of the facts.

3. The excess of imports is to be accounted for in the trade of a country like England in several ways, principally by the fact that England is a shipowning country, and does a large business all over the world in carrying goods and passengers. This work is really in itself in the nature of an export, giving the country a credit for so much in its dealings with other countries. In addition, England is a country which earns largely commissions of different kinds in its trade with different countries as the commercial and monetary centre of the world's trade. Last of all, England is one of the countries which has become entitled to the receipt of large interest and profits from other countries on account of capital which it has invested, and business which it carries on, in such countries, including the sums receivable by English subjects in the service of a dependency like India. In these various ways it is not difficult to compute that very large sums are receivable by this country which entitle it to an excess of imports in its trade with other countries.

4. In the paper of 1882 it was estimated that the sums so receivable were about 60 million £ annually for the earnings of ships, about 16 million £ annually for commissions, and from 70 million £ to 75 million £ annually for interest and profits. The corresponding figures now are estimated to have increased the earnings of ships to over 70 million £, commissions to 18 million £, and interest and profits probably to about 90 million £, though the nature of the data is such that no exact statements can be made.



5. With regard to the earnings of ships, it is pointed out that the increase allowed for is very much less than the increase in the magnitude of the shipping fleet itself. In 1882 the calculation was that the shipping fleet consisted of 4 million tons of sailing ships, and  $2\frac{1}{2}$  million tons of steamers, the equivalent in sailing tons of the steamers being considered to be 10 millions, making the total in all 14 million tons. At the present time the shipping fleet consists of a smaller number of sailing tonnage, the number of tons being now only  $2\frac{1}{2}$  million. But the number of steam tons has increased to  $6\frac{1}{2}$  millions, equivalent on the former computation to 26 million tons, and making the total of the fleet at the present time in the equivalent of sailing tonnage over 28 million tons, or double what the figure was eighteen years ago. If the earnings of the ships had increased proportionately to what they were in 1882, the figure would now be 110 million £, as compared with an amount between 70 and 80 million £ above estimated. Along with the increase of steam tonnage, however, there has been a great increase in efficiency and diminution in the cost of construction and working, resulting in a great reduction of freights, and it is not possible to estimate that the gross earnings have increased in proportion to the increase of the fleet itself. The estimate finally arrived at is between 70 and 80 millions.

6. Increase in interest and profits receivable from abroad is evident, first of all, in the recorded increase appearing in the income tax returns, which is from about 28 million £ in 1880 to 56 million £ in the last year for which the income tax returns have been published. The figures thus apparent do not show the whole income received in this country from abroad, but we may argue from the increase in the known and visible income, that there has also been a large increase in the income which cannot be traced in the income tax returns, but which is undoubtedly receivable from abroad. Since 1880, while there have been some conspicuous defaults in foreign countries and conversions of debt reducing the interest payable, there has also on the other hand been a great and sudden increase of profits from countries like South Africa and West Australia, and this confirms the idea that there has been a great increase of the income due to this country from abroad in the last sixteen or eighteen years.

7. Looking to foreign countries, it is found that France and Germany are both countries with an excess of imports, but in France this has diminished in the course of the last sixteen years. The explanation is, no doubt, that France differs from the United Kingdom in not having a large and increasing mercantile fleet, and also in having a stationary population, so that the imports into

France have not the same cause of increase as they have in England, and the real increase that may have occurred is concealed by the fall of prices in the interval. Germany, on the other hand, appears to be a country in which the excess of imports has lately commenced, and is likely enough to increase. In the United States, on the contrary, there is a great excess of exports, which has increased very much during the last year or two. This excess of exports is accounted for in various ways, principally by the fact that the United States is both an indebted country, so that it has interest to remit to European countries, and also that it has to pay, principally to England, for the conveyance of goods and passengers in the foreign trade. The nominal excess is also greater than it would otherwise be in consequence of imports in the United States being valued not at the place of arrival, but at the place of departure, so that the imports do not appear so large as they really are. The excess of exports in the United States is also very fluctuating, great changes arising it appears from the changes in the harvest surplus available for export and from the changes in the price at which that surplus can be sold. A rise in wheat which took place eighteen months ago has had a great influence in swelling the momentary excess of exports from the United States.

8. Examining the returns in detail so as to show in what trades the excess of imports is greatest, we find that in the case of the United Kingdom the excess of imports is mainly from European countries, principally France, from the United States, and from British North America; also to some extent from Australia. This appears to correspond with the suggestion that the two causes of the excess of imports are the indebtedness of foreign countries and the fact that they have to pay us for the conveyance of goods and passengers in our ships. The United States, as we have seen, is notoriously an indebted country, and both the United States and the various European countries are countries for which we do a large amount of conveyance, as is evidenced from their own returns showing the proportion of the British flag in the entries and clearances of ships in those countries. This cannot be the sole explanation, however, and it is further evident upon an analysis of the returns that there are various countries to which we send an excess of exports, countries like Brazil and India for instance, and these are countries again from which countries like the United States and France receive an excess of imports. All this indicates the existence of what is known as a triangular trade, so that the United States and the like countries send us really an excess of exports in order to pay for the excess of imports they receive

from other countries, the differences being finally adjusted in Lombard Street. There is no reason why there should not be a special excess of imports or exports in our trade with particular countries apart from the amount of that excess in our trade generally.

9. The excess of imports, it has been suggested, may be a cause for the stationariness or alleged stationariness of our exports themselves, but it is found on examination that although our exports of late years have not increased as they did in the ten years between 1857 and 1867, or the following ten years, yet they have always been increasing when we take a long period into consideration, and when we allow for the great changes caused by the fall of prices, which affect our export trade by diminishing the value of the raw material previously imported which is contained in the manufactures that we export. Apparently, however, the tendency of the permanent condition of our trade, viz., that we receive, or are entitled to receive, large interest from foreign nations, is a condition likely to make our exports less than they would otherwise be, because we receive so much from foreign countries without having to give any commercial equivalent. The purchasing power of foreign countries would also seem to have been affected very seriously by the fall of prices which has taken place during the last thirty years, as it has diminished their ability to pay their debts, and left them a smaller surplus for other things. As the result, there has been a great development of our home trade, which has taken the place of the development of trade for export which might otherwise have occurred.

10. Looking at our trade more generally, apart from the question of excess of imports, the facts and statements brought under review have shown that incessant changes have been going on in the nature of our foreign trade. Coal and other articles have been exported more largely than ever before, and they occupy a larger proportionate place in the export lists. At the same time the shipping fleet, whose work, as we have seen, is an export in a special form, has developed prodigiously. Coal and shipping together thus occupy a chief place such as was formerly held by wool, then by woollen manufactures, then by cotton manufactures, and then by iron and iron manufactures. Other changes have also taken place in our foreign trade, such as the great development of business with South Africa. The conclusion to be drawn is that only a general survey could suffice to tell us how our business is going on. There may be changes in some directions apparently of an adverse kind, but it is obvious that in a widely extended trade, with constant changes going on, there must be

some adverse changes in detail to permit of room for the change of an opposite kind in other directions.

11. This leads to the suggestion that some of the complaints as to the falling off of our foreign exports in certain directions and the causes of it, may not be quite well founded. May not the explanation of many of these complaints be in part that as our trade cannot develop equally in all directions, our merchants and manufacturers have let slip the trade in certain directions where they could not maintain the rates of wages and profit which they were earning in other directions? Their energy and capacity generally have, however, not failed them, as is witnessed by the general prosperity of the country. Many such changes must always be occurring in a widely extended trade, and we can only prevent false conclusions being drawn by looking at the subject as a whole, and not at one or two details merely.

12. Without attempting to predict what the future course of trade will be, it is pointed out that the increase of civilisation, while it may increase the foreign trade in the aggregate, does not necessarily increase the proportion of that foreign trade to the whole business of the country. It may or may not be the foreign trade that will develop specially in future, although trade generally, including both home and foreign, is certain to increase largely as inventions and the use of machinery continue to increase. Without a general survey of trade, no opinion can be justified to the effect that a decline of English trade generally has begun or is at hand. The decline appears improbable, because with abundant capital and energy people can exchange with each other indefinitely, can make and consume what they most require, and to a country like England, with a large credit in foreign countries, this would be sufficient to insure all that they can want from abroad and ample prosperity at home.

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## APPENDIX.

TABLE A.—*Statement showing the Total Imports and Exports of the United Kingdom, including Bullion and Specie, but not the Trans-shipment Trade, with the Excess of Imports over Exports, and Proportion of the Excess to the Total Imports and Exports, in each Year since 1854 inclusive.\**

[In millions of £'s.]

	Total Imports and Exports, including Bullion and Specie.	Total Imports.			Exports.			Excess of Imports.	
		Merchandise.	Bullion.	Total.	Merchandise.	Bullion.	Total.	Amount.	Per Cent. of Col. 1.
	£	£	£	£	£	£	£	£	
1854	318	152	27†	179‡	116	23	139	40	12·6
'55	307	144	27†	171‡	117	19	136	35	11·4
'56	364	173	27†	200‡	139	25	164	36	9·9
'57	395	188	27†	215‡	146	34	180	35	8·9
'58	354	165	29	194	140	20	160	34	9·6
'59	408	179	37	216	156	36	192	24	5·9
1860	425	211	23	234	165	26	191	43	10·1
'61	417	217	19	236	160	21	181	55	13·2
'62	453	226	32	258	166	29	195	63	13·9
'63	503	249	30	279	197	27	224	55	10·9
'64	539	275	28	303	213	23	236	67	12·4
'65	526	271	21	292	219	15	234	58	11·0
'66	590	295	34	329	239	22	261	68	11·5

\* It is greatly to be regretted that in making up the foregoing table actual figures for the imports of bullion before 1858 cannot be obtained, the imports of bullion prior to 1858 not having been recorded at the Custom House. In making up the foregoing table I have assumed that the average imports would bear the same relation to the average exports which it did in the four following years; but so far as I can judge, this is to understate the imports, as the coinage of the four years 1854-57 inclusive was 25 million £, as compared with a coinage of 16 million £ only in the four following years. The presumption is therefore that the home consumption of bullion in 1854-57 was greater than in the four following years, and the excess of imports would be correspondingly greater; in other words the whole excess of imports, bullion and merchandise together, was probably greater in 1854-57 than it appears in the text, and the proportion of that excess to the total trade would also be greater.

† Estimated, imports of bullion being recorded since 1858 only.

‡ Part estimated. As regards bullion imports see previous note.

TABLE A.—*Total Imports and Exports of the United Kingdom—Contd.*

[In millions of £'s.]

	Total Imports and Exports, including Bullion and Specie.	Total Imports.			Exports.			Excess of Imports.	
		Mer- chan- dise.	Bullion.	Total.	Mer- chan- dise.	Bullion.	Total.	Amount.	Per Cent. of Col. 1.
	£	£	£	£	£	£	£	£	
1867	539	275	24	299	226	14	240	59	10·9
'68	568	295	25	320	228	20	248	72	12·7
'69	569	295	21	316	237	16	253	63	11·1
1870	595	303	29	332	244	19	263	69	11·6
'71	687	331	38	369	284	34	318	51	7·4
'72	730	355	30	385	315	30	345	40	5·5
'73	745	371	34	405	311	29	340	65	8·7
'74	721	370	30	400	298	23	321	79	11·0
'75	717	374	33	407	282	28	310	97	13·5
'76	698	375	37	412	257	29	286	126	18·1
'77	723	394	37	431	252	40	292	139	19·2
'78	673	369	32	401	245	27	272	129	19·2
'79	665	363	24	387	249	29	278	109	16·4
1880	732	411	16	427	286	19	305	122	16·7
'81	734	397	17	414	297	23	320	94	12·8
'82	765	413	24	437	307	21	328	109	14·2
'83	765	427	17	444	305	16	321	123	16·1
'84	728	390	20	410	296	22	318	92	12·6
'85	686	371	22	393	271	22	293	100	14·6
'86	660	350	20	370	269	21	290	80	12·1
'87	678	362	18	380	281	17	298	82	12·1
'88	732	388	22	410	299	23	322	88	12·0
'89	796	428	27	455	316	25	341	114	14·3
1890	808	421	34	455	328	25	353	102	12·6
'91	821	435	40	475	309	37	346	129	15·7
'92	777	424	32	456	292	29	321	135	17·4
'93	752	405	37	442	277	33	310	132	17·6
'94	749	408	39	447	274	28	302	145	19·4
'95	782	417	47	464	286	32	318	146	18·7
'96	822	442	39	481	296	45	341	140	17·0
'97	844	451	49	500	294	50	344	156	18·5
'98	875	471	58	529	294	52	346	183	20·9

TABLE B.—*Statement of the Foreign Trade of the United States, showing the Excess of Imports over Exports.*(a.) *Total Value of Imports into the United States in each Year, from 1860 to 1898.*

[In thousands of £'s.]

Years (ended 30th June).	General Merchandise.	Bullion and Specie.	Total.
	£	£	£
1860.....	73,673,	1,781,	75,454,
'61.....	60,272,	6,732,	67,004,
'62.....	39,449,	3,420,	42,869,
'63.....	50,695,	1,997,	52,692,
'64.....	65,926,	2,732,	68,658,
'65.....	49,738,	2,044,	51,782,
'66.....	90,586,	2,229,	92,815,
'67.....	82,451,	4,598,	87,049,
'68.....	74,469,	2,956,	77,425,
'69.....	86,980,	4,127,	91,107,
1870.....	90,825,	5,504,	96,329,
'71.....	108,380,	4,431,	112,811,
'72.....	130,541,	2,863,	133,404,
'73.....	133,778,	4,475,	138,253,
'74.....	118,209,	5,928,	124,137,
'75.....	111,043,	4,354,	115,397,
'76.....	95,988,	3,320,	99,308,
'77.....	94,026,	8,494,	102,520,
'78.....	91,052,	6,213,	97,265,
'79.....	92,870,	4,228,	97,098,
1880.....	139,157,	19,382,	158,539,
'81.....	133,889,	23,036,	156,925,
'82.....	150,967,	8,848,	159,815,
'83.....	150,663,	5,935,	156,598,
'84.....	139,104,	7,797,	146,901,
'85.....	120,318,	9,009,	129,327,
'86.....	132,382,	8,040,	140,422,
'87.....	144,233,	12,536,	156,769,
'88.....	150,824,	12,362,	163,186,
'89.....	155,236,	6,034,	161,270,
		7,078,	171,518,
1890.....	164,440,	—	—
'91.....	176,024,	7,554,	183,578,
'92.....	172,375,	14,511,	186,886,
'93.....	180,500,	9,243,	189,743,
'94.....	136,457,	17,862,	154,319,
'95.....	152,494,	11,791,	164,285,
'96.....	162,443,	12,980,	175,423,
'97.....	159,319,	24,072,	183,391,
'98.....	128,334,	31,524,	159,858,



TABLE B *Contd.*—*Statement of the Foreign Trade of the United States.*(b.) *Total Value of Exports from the United States in each Year, from 1860 to 1898; with Excess of Imports and Exports.*

[In thousands of £'s.]

Years (ended 30th June).	General Merchandise.			Bullion and Specie.	Total.	Excess of	
	Domestic.	Foreign.	Total.			Imports.	Exports.
	£	£	£	£	£	£	£
1860.....	65,883,	3,612,	69,495,	10,688,	80,183,	—	4,729,
'61.....	42,687,	3,053,	45,740,	5,867,	51,607,	15,397,	—
'62.....	37,426,	2,296,	39,722,	7,676,	47,398,	—	4,529,
'63.....	38,751,	3,842,	42,593,	13,365,	55,958,	—	3,266,
'64.....	29,896,	3,195,	33,091,	21,957,	55,048,	13,610,	—
'65.....	28,524,	6,065,	34,589,	14,134,	48,723,	3,059,	—
'66.....	27,599,	6,170,	33,769,	17,925,	51,694,	41,121,	—
'67.....	57,842,	3,066,	60,908,	12,681,	73,589,	13,460,	—
'68.....	56,123,	2,617,	58,740,	19,538,	78,278,	—	853,
'69.....	57,326,	2,281,	59,607,	11,904,	71,511,	19,596,	—
1870.....	78,462,	3,368,	81,830,	12,150,	93,980,	2,349,	—
'71.....	89,250,	9,004,	98,254,	20,509,	118,763,	—	5,952,
'72.....	89,268,	3,269,	92,537,	16,641,	109,178,	24,226,	—
'73.....	105,215,	3,635,	108,850,	17,627,	126,477,	11,776,	—
'74.....	118,632,	3,510,	122,142,	13,881,	136,023,	—	11,886,
'75.....	104,017,	2,950,	106,967,	19,194,	126,161,	—	10,764,
'76.....	109,496,	3,084,	112,580,	11,774,	124,354,	—	25,046,
'77.....	122,848,	2,667,	125,515,	11,684,	137,199,	—	34,679,
'78.....	141,814,	2,949,	144,763,	7,045,	151,808,	—	54,543,
'79.....	145,488,	2,520,	148,008,	5,208,	153,216,	—	56,118,
1880.....	171,655,	2,436,	174,091,	3,571,	177,662,	—	19,123,
'81.....	184,151,	3,844,	187,995,	4,043,	192,038,	—	35,113,
'82.....	152,758,	3,605,	156,363,	10,295,	166,658,	—	6,843,
'83.....	167,546,	4,087,	171,633,	6,629,	178,262,	—	21,664,
'84.....	151,034,	3,240,	154,274,	13,986,	168,260,	—	21,359,
'85.....	151,392,	3,231,	154,623,	8,798,	163,421,	—	34,094,
'86.....	138,743,	2,825,	141,568,	15,096,	156,664,	—	16,242,
'87.....	146,463,	2,741,	149,204,	7,500,	156,704,	—	1,935,
'88.....	142,471,	2,520,	144,991,	9,670,	154,661,	8,525,	—
'89.....	152,142,	2,525,	154,667,	20,134,	174,801,	—	13,531,
1890.....	176,103,	2,611,	178,714,	10,864,	189,578,	—	18,060,
'91.....	181,723,	2,544,	184,267,	22,699,	206,966,	—	23,388,
'92.....	211,611,	3,030,	214,641,	17,293,	231,934,	—	45,048,
'93.....	173,131,	3,466,	176,597,	31,129,	207,726,	—	17,983,
'94.....	181,084,	4,779,	185,863,	26,547,	212,410,	—	58,091,
'95.....	165,290,	2,947,	168,237,	23,701,	191,938,	—	27,653,
'96.....	179,833,	4,043,	183,876,	36,032,	219,908,	—	44,485,
'97.....	215,002,	3,955,	218,957,	21,314,	240,271,	—	56,880,
'98.....	252,144,	4,883,	256,527,	14,690,	271,217,	—	111,359,

TABLE C.—*Statement of the Imports and Exports of France, including Bullion and Specie, in each of the Years from 1860 to 1897.*

[In thousands of £'s.]

Years.	General Imports.			General Exports.			Excess of	
	Merchan- dise.	Bullion and Specie.	Total.	Merchan- dise.	Bullion and Specie.	Total.	Imports.	Exports.
	£	£	£	£	£	£	£	£
1860....	106,292,	24,172,	130,464,	125,900,	17,900,	143,800,	—	13,336,
'61....	123,416,	16,904,	140,320,	106,408,	20,128,	126,536,	13,784,	—
'62....	115,968,	23,040,	139,008,	121,996,	19,784,	141,780,	—	2,772,
'63....	129,456,	23,912,	153,368,	141,056,	26,144,	167,200,	—	13,832,
'64....	136,296,	32,592,	168,888,	156,848,	29,288,	186,136,	—	17,248,
'65....	141,096,	27,172,	168,268,	163,460,	20,256,	183,716,	—	15,448,
'66....	153,804,	43,840,	197,644,	171,240,	24,880,	196,120,	1,524,	—
'67....	161,232,	34,556,	195,788,	157,368,	11,268,	168,636,	27,152,	—
'68....	170,328,	28,596,	198,924,	148,836,	15,748,	164,584,	34,340,	—
'69....	160,348,	28,616,	188,964,	159,744,	14,396,	174,140,	14,824,	—
1870....	139,912,	17,955,	157,867,	138,232,	12,097,	150,329,	7,538,	—
'71....	158,138,	12,700,	170,838,	131,119,	20,262,	151,381,	19,457,	—
'72....	180,064,	15,813,	195,877,	190,264,	13,829,	204,093,	—	8,216,
'73....	183,056,	25,276,	208,332,	192,892,	22,368,	215,260,	—	6,928,
'74....	176,900,	39,941,	216,841,	188,084,	8,257,	196,341,	20,500,	—
'75....	178,472,	37,742,	216,214,	192,280,	11,416,	203,696,	12,518,	—
'76....	196,352,	35,416,	231,768,	181,900,	9,345,	191,245,	40,523,	—
'77....	182,796,	29,918,	212,714,	174,832,	8,307,	183,139,	29,575,	—
'78....	203,556,	23,958,	227,514,	164,472,	9,788,	174,260,	53,254,	—
'79....	223,172,	17,254,	240,426,	170,784,	21,260,	192,044,	48,382,	—
1880....	244,520,	15,214,	259,734,	184,492,	22,169,	206,661,	53,073,	—
'81....	239,848,	16,556,	256,404,	188,958,	14,097,	203,055,	53,349,	—
'82....	238,476,	19,054,	257,530,	190,560,	16,600,	207,160,	50,370,	—
'83....	235,468,	9,308,	244,776,	182,468,	12,735,	195,203,	49,573,	—
'84....	209,560,	12,471,	222,031,	168,736,	8,458,	177,194,	44,837,	—
'85....	197,200,	22,139,	219,339,	158,232,	6,516,	164,748,	54,591,	—
'86....	204,664,	21,459,	226,123,	169,836,	16,887,	186,723,	39,400,	—
'87....	197,708,	13,408,	211,116,	169,528,	18,420,	187,948,	23,168,	—
'88....	207,488,	12,361,	219,849,	171,928,	13,798,	185,726,	34,123,	—
'89....	212,812,	21,723,	234,535,	192,140,	13,102,	205,242,	29,293,	—
1890 ...	218,096,	12,804,	230,900,	193,608,	16,909,	210,517,	20,383,	—
'91....	237,532,	27,283,	264,815,	189,220,	21,046,	210,266,	54,549,	—
'92....	205,436,	22,536,	227,972,	182,052,	10,802,	192,854,	35,118,	—
'93....	198,060,	21,915,	219,975,	173,056,	13,054,	186,110,	33,865,	—
'94....	191,796,	23,861,	215,657,	164,984,	10,288,	175,272,	40,385,	—
'95....	196,784,	17,446,	214,230,	183,572,	14,634,	198,206,	16,024,	—
'96....	197,152,	20,433,	217,585,	183,744,	21,805,	205,549,	12,036,	—
'97....	205,500,	19,534,	225,034,	192,124,	14,126,	206,250,	18,784,	—

TABLE D.—*Statement of the Imports and Exports of Germany, including Bullion and Specie, in each of the Years 1880 to 1897.*

[In thousands of £'s.]

Years.	General Imports.			General Exports.			Excess of	
	Merchan- dise.	†Bullion and Specie.	Total.	Merchan- dise.	†Bullion and Specie.	Total.	Imports.	Exports.
	£	£	£	£	£	£	£	£
1880....	218,355,	2,930,	221,285,	218,070,	3,510,	221,580,	—	—
'81....	227,995,	2,230,	230,225,	227,165,	4,025,	231,190,	—	—
'82....	243,000,	2,595,	245,595,	244,465,	3,520,	247,985,	—	—
'83....	252,570,	1,745,	254,315,	250,960,	3,525,	254,485,	—	—
'84....	242,170,	1,350,	243,520,	239,695,	3,365,	243,060,	—	—
'85....	216,230,	2,470,	218,700,	213,160,	2,940,	216,100,	—	—
'86....	215,460,	2,835,	218,295,	219,280,	3,295,	222,575,	—	4,280,
'87....	230,100,	3,350,	233,450,	231,235,	2,885,	234,120,	—	670,
'88 ..	244,290,	10,420,	254,710,	232,655,	10,500,	243,155,	11,555,	—
'89....	278,220,	5,365,	283,585,	234,325,	6,255,	240,580,	43,005,	—
1890....	286,235,	6,000,	292,235,	242,400,	4,535,	246,935,	45,300,	—
'91....	*228,540,	*13,265,	241,805,	*176,980,	*8,210,	185,190,	56,615,	—
'92....	*212,975,	*10,425,	223,400,	*164,050,	*9,800,	173,850,	49,550,	—
'93....	*215,545,	*8,615,	224,160,	*170,075,	*7,630,	177,705,	46,455,	—
94....	*210,250,	*17,000,	227,250,	*162,995,	*4,500,	167,495,	59,755,	—
'95....	*221,650,	*6,645,	228,295,	*183,115,	*5,310,	188,425,	39,870,	—
'96....	*231,895,	*13,055,	244,950,	*195,660,	*11,950,	207,610,	37,340,	—
'97....	*249,575,	*9,195,	258,770,	*197,785,	*7,565,	205,350,	53,420,	—

\* Exclusive of through transit trade, the value of which has not been computed since 1890.

† Prior to 1891 the particulars given under this head include gold and silver bullion and specie only, whilst in 1891 and subsequent years the figures relate to precious metals of all kinds (*Edelmetalle*), thus including, in addition, broken gold and silver, &c., and other precious metals, the particulars of which were treated as merchandise in previous years.

TABLE E.—*Coal Shipped for use of Steamers in the Foreign Trade at Ports in the United Kingdom.*

[In thousands of tons.]

Year.	Tons.	Year.	Tons.
1880.....	4,926,	1890.....	8,096,
'81.....	5,228,	'91.....	8,536,
'82.....	5,575,	'92.....	8,600,
'83.....	6,401,	'93.....	8,126,
'84.....	6,615,	'94.....	9,294,
'85.....	6,681,	'95.....	9,408,
'86.....	6,698,	'96.....	9,937,
'87.....	6,869,	'97.....	10,456,
'88.....	7,121,	'98.....	11,264,
'89.....	7,737,		

F.—*The Earnings and Value of the Mercantile Fleet since 1882.*

It would have encumbered the paper too much to include in it an account of the various statements which I have collected or had prepared as to the earnings and value of our shipping fleet since the period of the former paper, viz., 1880-82. As stated in the text, very great changes have taken place, and it cannot be assumed from the increase of the shipping fleet itself, and particularly the increase of the steam shipping fleet, that the value and earnings have increased in proportion, although there is a very considerable increase.

In the paper of 1882 accounts were given respecting a certain number of our leading shipping companies. I do not know whether it would be possible to give similar particulars for all of them at the present time, but one or two comparisons may suffice to show the change that has taken place. The Peninsular and Oriental Company is one of the most important and typical of one description of steamship. The tonnage of the fleet of this company in 1880 was given in the paper referred to as over 127,000 tons. This is gross registered tonnage, and the value of the fleet being

stated in the accounts as 2,213,000*l.*, the value per ton works out at 17*l.* 8*s.* In the last accounts of the company the corresponding figures would be: tonnage 261,000 tons, total value 2,948,000*l.*, which gives a value per ton of rather more than 11*l.* These figures appear to be rather lower than the real value, which was stated, I believe by the chairman, at the last annual meeting, as about 13*l.* 10*s.* per ton, but there is no doubt of a considerable reduction from the average value per ton as stated in 1882. Similarly, the Cunard Steamship Company which had a fleet of 61,000 tons in 1880, valued at 18*l.* 12*s.* per ton, has now a fleet of 119,000 tons, valued at about 13*l.* 10*s.* per ton. Some such changes have no doubt occurred with reference to the valuations of the higher class of steamers. These are the figures per gross registered ton. The equivalent per net registered ton, as explained in the paper of 1882, would be about 50 per cent. more.

In the paper of 1882 the average value of the highest class of vessels, including however some of a second class, was put at 16*l.* 13*s.* per ton gross, or 25*l.* per net registered ton, and the average reduction now, according to the above and other figures, would appear to be 20 to 25 per cent.

It is more interesting still to compare the average value of what are called "ordinary cargo" steamers, and on this head, through the courtesy of leading firms of ship brokers, I am enabled to give the following table of prices of cargo steamers continuously from the year 1882, separate figures being shown for new steamers, for second hand steamers, two to five years old, and for second hand steamers, five to ten years old. These figures, it will be observed, are given, not for the gross registered ton, as is the case with those already referred to, but for what is called per ton dead weight, an expression well known in the shipping trade. For the purpose of this paper it would have been more convenient to have the figures stated per gross registered ton or per net registered ton, as it is with these figures that we have to deal in the official statistics. But the dead weight ton being adhered to all through in the tables, the figures are of course satisfactory so far for comparison, except to the extent that the shipbuilding has improved, so that the carrying capacity of ships has been increasing in proportion to the same number of gross registered or net registered tons. The following is the table:—

*Value of Cargo Steamers, 1882-98.*

[Per ton dead weight.]

	New Steamers.		Second hand.									
			2—5 Years Old.		5—10 Years Old.							
	£	s.	£	s.	£	s.	£	s.				
1882 .....	13	—	—	—	10	—	to 11	—	8	—	—	
'83 .....	9	—	—	—	9	—	„ 10	—	6	—	to 7	—
'84 .....	8	—	—	—	8	—	„ 9	—	5	—	„ 6	—
'85 .....	7	10	—	—	6	—	—	—	5	—	—	—
'86 .....	(Sales were nominal, on account of the depression.)											
'87 .....	7	10	—	—	6	—	—	—	5	—	—	—
'88 .....	8	—	—	—	6	—	—	—	5	—	—	—
At the end of 1888 there was a rapid advance in prices, equal to 2 <i>l.</i> to 3 <i>l.</i> per ton dead weight.												
1889 .....	9	—	—	—	9	—	—	—	7	—	—	—
'90 .....	9	—	—	—	7	—	to 8	—	5	—	to 6	—
'91 .....	7	—	—	—	5	10	—	—	4	10	—	—
Prices eased very much towards the end of this year.												
1892 .....	7	—	—	—	5	—	—	—	4	—	—	—
'93 .....	6	—	—	—	4	10	—	—	3	10	—	—
'94 .....	6	—	—	—	4	10	—	—	3	—	to 3	10
'95 .....	6	—	—	—	4	—	to 4	10	3	—	—	—
'96 .....	5	10	to 6	—	4	—	—	—	3	—	—	—
'97 { first half .....	6	—	„ 6	10	5	—	—	—	3	10	to 4	—
'97 { second half { Little contracted, owing to en- gineers' strike					6	—	—	—	4	10	„ 5	—
'98 { first half .....	6	10	to 7	—	6	—	—	—	5	—	—	—
'98 { second half ...	7	10	—	—	6	10	—	—	5	—	to 5	10

The effect of this table is that whereas in 1882 new steamers cost 13*l.* per ton dead weight, and in the following year were still as high as 9*l.* per ton; the price in 1896 was as low as 5*l.* 10*s.* to 6*l.* per ton, and although there has been improvement since, the figure for 1898 is as low as 7*l.* 10*s.* per ton. There are corresponding changes it will be observed in second hand steamers, the reduction in value, broadly speaking, being about 40 per cent. The reduction per gross registered ton, or per net registered ton, would not apparently be so great, as the carrying capacity in proportion to such tonnage has increased; but allowing for every improvement that may have taken place in the carrying capacity of ships per gross registered ton or per net registered ton, we have here undoubtedly a great reduction of the value of the shipping fleet as reckoned by such tonnage.

With regard to earnings, it would appear from the accounts of the P. & O. Company already referred to, that whereas in 1882 the earnings of a fleet of 127,000 tons amounted to 2,014,000*l.*, or 15*l.* 17*s.* per ton, the earnings in 1898 of a fleet of 260,000 tons amounted to 2,844,000*l.*, or about 11*l.* per ton. At this distance

of time it may be possible that some changes in making the computation have inadvertently been made. But apparently there is some such reduction in the gross earnings per ton as from close upon 16*l.* to 11*l.* Similarly, in the Cunard Company, the gross earnings per ton in 1880 worked out as 18*l.* 11*s.*, but in the last accounts of the company the figure would appear to be at the present time about 11*l.* per ton. Some of the leading companies which give figures on this head at the former period do not appear to give them now, but a figure of 11*l.* per gross ton would appear to be for such steamers a fair average; and the reduction is thus from about 15*l.* per ton to 11*l.* per ton, or over 25 per cent., the equivalent change in the net registered ton being from 20*l.* to 15*l.*

A corresponding change in the earnings of cargo steamers, which were reckoned in 1882 as earning about 15*l.* per net registered ton as a minimum, would be a reduction to 11*l.* per ton.

That some such reductions have in fact occurred appears to be confirmed by the following statements from leading ship owners and other persons connected with the shipping trade, which may be enumerated as Statements A and B.

*Statement A is to the following effect.*

“ In the past sixteen years there has been an average reduction in freights of about 30 per cent., and the reduction in gross earnings per ton would probably amount to 20 per cent. With regard to insurance I should say that there has been a reduction in this charge of from 20 to 25 per cent.”

*Statement B is to the following effect.*

“ In 1882 we built steamers for ordinary cargo purposes carrying about 3,000 tons, and the cost was about 9*l.* 10*s.* per ton on the carrying capacity. By 1897 for the same trades and purposes we built steamers of 4,500 tons at a cost of 6*l.* 5*s.*, from which you will see that the increase in size was 50 per cent., decrease in cost, 33 per cent. To propel the larger boats at the same speed, increased consumption of coal, 20 per cent.

“ There is no such thing as the average freight or the average earning, speaking of the ships under our charge. You may deduce the average earning of a given company, but probably the vessels earning would not be the same in 1897 as in 1882, and the comparison consequently would not be the same thing. Also a shipper of one article between two places, say coal from Cardiff to Port Saïd, our modern trade, could tell you his average rate per ton for any year, but the average of two competitors in the same trade would not agree.



"I do not think wages have changed much, if anything. Probably a little dearer; crews, provisions, &c., hardly any change. Insurance cheaper, but not to an extent to make any serious difference in working expenses."

The correspondent who supplies Statement B also adds some rates of freight in 1882 and 1897, for the purpose of showing how violently freight rates fluctuate.

*Freights in 1882 and 1897 compared.*

	1882.		1897.	
	s.	d.	s.	d.
Cardiff to Genoa ... ..	11	6	5	3
Cardiff to Bombay ..... {	24	6	}	15 —
Bombay U/H..... {	15	9		
Bombay U/H..... {	33	9	}	13 6
	38	9		
Cardiff to Port Saïd ..... {	14	6	}	6 9
				7 6
				10 3

These figures fully confirm the statement as to freights quoted in the text, and the correspondent adds, that at the lower freights, the larger ships having less coal and costing so much less, have done well. He adds a note which it may be useful to quote as bearing on the general subject of freight earnings and of this paper :—

"Invisible exports and imports. What are the Suez Canal dues in this view? They are paid in Egypt; the shareholders are all over Europe. The P. & O. Company pay about 250,000*l.* per annum in canal dues. Every steamer of 5,000 tons capacity for the voyage to and from India, pays in dues at Port Saïd about 2,500*l.*, a large proportion of the freight."

A further statement received does not make comparison between the present time and 1882, going back to 1890 only, but as far as it goes it will be observed, what the correspondent states is fully in agreement with the tables as to the value of ships above given :—

"I calculate that the builders' prices to-day, for good size tramp steamers are just about equal to what they were in 1890. The drop in prices between 1890 and 1895, was in my opinion about 25 per cent. The lowest prices that were accepted was in 1894-95 and 1896, in which three years prices were about the same. The increase in prices between 1896 and 1897 was about 10 per cent., and between 1897 and the end of 1898 about 15

“ per cent., making a total increase of about 25 per cent. from  
“ the lowest point during the last nine years.”

To show further the course of our shipping trade in recent years, the following extracts are made from the circulars of Messrs. Angier Brothers, and of Mr. John White at different dates between 1890 and 1895.

*Extract from Messrs. Angier Bros.' Circular, dated  
31st December, 1890.*

“ The loss of earning power has reduced the market value of  
“ steamers, and few buyers who know much of the working of  
“ them would be tempted to pay above 6*l.* 10*s.* to 7*l.* for good new  
“ boats with triple expansion engines of the best type and fair  
“ 9 to 10 knots speed. Builders' costs on the other hand have not  
“ yet come down sufficiently to allow them to tender at these  
“ prices, but all things taken into account, they run little risk by  
“ taking distant deliveries on about these terms.”

*Extract from John White's Annual Shipping Review, dated  
1st January, 1891.*

“ Prices of ready and second hand steamers have, in sympathy  
“ with the cost of new vessels, considerably declined, and for all  
“ vessels there is a fall of fully 20 per cent. on the year. Steel  
“ sailing ships can be contracted to be built at 10 per cent. less  
“ than iron vessels ten years old realised twelve months since.”

*Extract from John White's Annual Shipping Review,  
dated 2nd January, 1893.*

“ The reduced demand for new vessels has enabled builders  
“ and engineers, also manufacturers of material, to obtain a  
“ reduction of wages from the inflated rates the men obtained in  
“ busy times, and builders are now able to quote unprecedentedly  
“ low prices. Contracts can now be placed at 10 to 15 per cent.  
“ less than twelve months ago, when there had already been a  
“ substantial reduction.”

*Extract from John White's Half-Yearly Shipping Review,  
dated 10th July, 1893.*

“ The prices at which contracts have lately been placed are  
“ unprecedented, but having been taken by responsible firms who

“are not likely to accept less than cost, proves the economies that have been made in shipbuilding, to enable steamers to be produced at such figures. The prices accepted for steamers of 5,000 tons have not exceeded what would have been the cost of a vessel half the size ten years since, or what would have been paid four years since for a vessel of 3,000 tons.”

*Extracts from John White's Annual Shipping Review, dated  
1st January, 1895.*

“Material is at the lowest price known, being 4*l.* 12*s.* 6*d.* for steel plates, against 5*l.* 10*s.* in March.” . . . . “Second hand steamers, with compound engines, have depreciated most severely during the past year, owing to the reduced price of new tonnage, and to timidity of purchasers to run vessels except of the most modern type. A large number of steamers of ten to thirteen years old, but with boilers good for several years' work, have changed hands at prices 25 to 30 per cent. less than they would have realised twelve months previously. The Japanese have been large customers for second hand modern and old steamers, and for such boats have paid fairly good prices.”

“The production of sailing vessels has been very small during the past year. New vessels built on speculation have realised extremely low prices, and the most recent sales of second hand ships show a very marked reduction; indeed, it is most difficult to effect sales of this class of property.”

*Extract from John White's Annual Shipping Review, dated  
2nd January, 1899.*

“Prices of new steamers are about 15 per cent. higher than at the commencement of the year. Very large profits have been made by sellers on steamers in a forward condition that could take advantage of the good freights. Second hand steamers have met with a ready sale, and commanded prices fully 10 per cent. over what they would have realised twelve months since. Many owners have taken advantage of the good prices to realise their old tonnage with a view to replacing with modern boats later on.”

From all these statements it is evident that the great development of our shipping trade in the last sixteen years has been accompanied by an equally remarkable reduction in the cost of constructing the ships, especially when measured by their carrying

capacity, and by an equally remarkable reduction of the cost of working per ton. It would clearly therefore be impossible to assume the same rate of gross earnings as was assumed in 1882. The average of course changes greatly from year to year, but a reduction of gross earnings from 15*l.* per net registered ton, which was the average assumed in 1882, to 11*l.* or 12*l.* per net registered ton at the present time would appear to be justified.

As further bearing on the subject, it may be noticed that there has been no such increase in the number of persons employed in the shipping fleet or in the rates of pay as would have implied any great increase in the cost of working. It appears from the Table No. 26 of the Annual Return as to the progress of British Merchant Shipping published by the Board of Trade, that in 1882 the total number of persons, exclusive of masters and also exclusive of Lascars, was 196,000. Inclusive of masters, the number would probably have been somewhere about 210,000. At the present time, that is in 1897, inclusive of masters, the numbers are given as 209,000, so that in the interval it would seem there has been no great increase, although there has been a considerable increase from a year like 1886 or 1887, when, as we have seen, shipping was extremely distressed. There appears, however, to have been a considerable increase in the number of Lascars, who must have amounted in 1888 to about 18,000 and in 1897 to 31,000, these being the differences between the total numbers employed altogether and the total employed exclusive of Lascars. Altogether then in spite of the enormous increase of our mercantile fleet in the last sixteen years, there has been no great increase in the European *personnel*, and unless there has been an increase of wages, this part of the cost of production can hardly have increased.

It will be seen from some of the statements above given, that the rates of wages are not considered to have increased, and this appears to be fully confirmed by an examination of the returns respecting wages, which have been published by the Board of Trade. There has been no such increase of rates of wages as to add to the cost of working the mercantile fleet per ton, and apparently the cost per ton has rather diminished than increased when we compare 1897 with 1882. At the same time it must be remembered that as the change which has been going on in recent years consists in an exclusive increase of steamers along with a diminution of sailing ships, and as the rates of wages are higher in steamers than in sailing ships, the effect is that there must be some increase in the total payment of wages as compared with the period sixteen years ago. The rates for each class may remain pretty much the same, but it is the classes at the higher

rates which have increased in the interval. The aggregate is accordingly increased to a certain extent without much change in the rates of wages for each class. This result is quite consistent with there being no increase in the cost of wages per ton as already stated, but rather a decrease. The increased number of tons, as we have seen, has not brought with it any corresponding increase in the numbers employed.

The following statement as to wages, compiled from the Board of Trade returns, appears to confirm these unofficial statements.

*Statement showing the Monthly Rates of Wages (in addition to Food) of A.B.'s ON SAILING AND STEAM VESSELS for certain Voyages from the undermentioned Ports of the United Kingdom in 1882 and 1897 respectively.*

[Extracted from the tables showing the progress of British Merchant shipping for 1882 and 1897 respectively.]

Port and Voyage.	Monthly Rates of Wages of Able Seamen on			
	Steamships in		Sailing Vessels in	
	1882.	1897.	1882.	1897.
<i>Glasgow.</i>	<i>s.</i>	<i>s.</i>	<i>s.</i>	<i>s.</i>
Mediterranean .....	70 to 75	70	60 to 65	—
North America .....	70 „ 80	80	75 „ 80	60
South „ .....	65	70	60	55
East Indies and China ...	70	65	60	55
Australia .....	70	70	60	55
<i>Liverpool.</i>				
Mediterranean .....	65 to 70	70	60	60
North America .....	80 „ 90	80 to 90	60	55 to 60
South „ .....	60	70	55	55
East Indies and China ...	60	70 to 75	55	55
<i>London.</i>				
Mediterranean .....	70 to 80	70 to 75	60 to 65	65
North America .....	75 „ 80	80	60 „ 65	55
South „ .....	60 „ 70	70	60	55
Coast of Africa .....	65 „ 75	75	—	—
East Indies and China ...	60 „ 75	70	60	55
Australia .....	65 „ 70	70 to 80	60	55
<i>Newcastle and Shields.</i>				
Mediterranean .....	80	80 to 85	—	—
North America .....	80	80 „ 85	—	—
South „ .....	80	80 „ 85	60 to 70	60
Coast of Africa .....	80	80 „ 85	—	—
East Indies and China ...	80	80 „ 85	60	60
Australia .....	80	80 „ 85	—	—

These statements as to wages, then, fully support the view above given as to there being no noticeable increase in the rates

for each class of person employed. As already stated, however, this is quite consistent with an increase in the wages bill in the aggregate, although the European *personnel* has not increased because the classes at higher rates have increased and the others diminished, and also with a decrease in the outlay on wages per net registered ton, because the tonnage has increased so enormously.

It will have been seen also from the above statements that the outlay for coal per ton has greatly diminished, but the coal bill in the aggregate must have greatly increased. The increase in the coal consumed according to statement B amounts to 20 per cent. where there is an increase of 50 per cent. in tonnage; and as the steam tonnage [since 1882 has increased altogether 150 per cent., this implies an addition of 60 per cent. to the coal bill of the former period.

Similar changes we may assume have taken place with regard to other items, such as repairs, depreciation, and insurance. The cost per ton has diminished, but the aggregate increased.

Altogether the consideration of the outlays for the shipping fleet supports the statements as to the reduction in gross earnings. The fleet has increased enormously, but the cost of working has greatly diminished, rendering possible the reduction of freights.

In the time at my disposal it was not possible to obtain the elaborate statements as to cost of working supplied in 1882, but it may be hoped that the renewed interest in the subject will induce some further inquiries on this head.

TABLE G.—*Imports and Exports of Merchandise into and from the United Kingdom in 1897, showing the Excess of Imports in Trade with the following Groups of Countries.*

[In thousands of £'s.]

	Imports.	Exports.	Excess of Imports.	Excess of Exports.
	£	£	£	£
<i>Group 1. Northern European Countries.</i>				
Russia { Northern ports .....	15,229,	10,172,	5,057,	—
{ Southern „ .....	7,054,	1,696,	5,358,	—
Sweden and Norway .....	14,834,	7,547,	7,287,	—
Denmark and Iceland .....	10,968,	3,476,	7,492,	—
Germany .....	26,189,	32,012,	—	5,823,
Holland .....	28,971,	13,260,	15,711,	—
Belgium .....	20,886,	12,788,	8,098,	—
	124,131,	80,951,	49,003,	5,823,
<i>Deduct excess of exports .....</i>	—	—	5,823,	—
<i>Net excess of imports .....</i>	—	—	43,180,	—
<i>Group 2. Southern European Countries.</i>				
France .....	53,347,	19,518,	33,829,	—
Portugal .....	2,653,	1,907,	746,	—
Spain .....	13,126,	3,816,	9,310,	—
Italy .....	3,317,	6,312,	—	2,995,
Austrian territories .....	1,276,	2,120,	—	844,
Greece .....	1,639,	922,	717,	—
Roumania .....	2,258,	1,441,	817,	—
Turkey .....	6,253,	6,968,	—	715,
	83,869,	43,004,	45,419,	4,554,
<i>Deduct excess of exports .....</i>	—	—	4,554,	—
<i>Net excess of imports .....</i>	—	—	40,865,	—
<i>Group 3. Foreign Possessions of European Countries.</i>				
Danish West Indies .....	20,	59,	—	39,
Holland—Java and other possessions } in Indian seas .....	322,	2,069,	—	1,747,
France { Algeria .....	671,	276,	395,	—
{ Senegambia .....	312,	429,	—	117,
{ West India islands .....	8,	143,	—	135,
Portugal—Azores and Madeira .....	151,	173,	—	22,
Spain { Canary Islands .....	575,	522,	53,	—
{ Fernando Po .....	1,	16,	—	15,
West India islands .....	43,	1,045,	—	1,002,
Philippine „ .....	1,279,	424,	855,	—
	3,382,	5,156,	1,303,	3,077,
<i>Deduct excess of imports .....</i>	—	—	—	1,303,
<i>Net excess of exports .....</i>	—	—	—	1,774,



TABLE G *Contd.*—*Imports and Exports of Merchandise, United Kingdom.*

[In thousands of £'s.]

	Imports.	Exports.	Excess of Imports.	Excess of Exports.
	£	£	£	£
<i>Group 4. Asiatic Countries.</i>				
Persia .....	198,	443,	—	245,
Siam .....	247,	154,	93,	—
China, exclusive of Hong Kong and } Macao .....	2,685,	5,180,	—	2,495,
Japan .....	1,283,	5,978,	—	4,695,
	4,413,	11,755,	93,	7,435,
<i>Deduct excess of imports .....</i>	—	—	—	93,
<i>Net excess of exports .....</i>	—	—	—	7,342,
<i>Group 5. United States .....</i>				
	113,042,	37,934,	75,108,	—
<i>Group 6. Other American Countries.</i>				
Mexico .....	594,	1,732,	—	1,138,
Central America .....	1,013,	882,	131,	—
Hayti and San Domingo .....	74,	310,	—	236,
Republic of Colombia .....	556,	1,221,	—	665,
Venezuela .....	63,	569,	—	506,
Ecuador .....	92,	435,	—	343,
Brazil .....	3,736,	5,696,	—	1,960,
Uruguay .....	340,	839,	—	499,
Argentine Republic .....	5,754,	4,986,	758,	—
Chili .....	3,192,	2,376,	816,	—
Peru .....	1,454,	835,	619,	—
	16,868,	19,891,	2,324,	5,347,
<i>Deduct excess of imports .....</i>	—	—	—	2,324,
<i>Net excess of exports .....</i>	—	—	—	3,023,
<i>Group 7. North Africa and other Countries.</i>				
Egypt .....	9,294,	4,542,	4,752,	—
Tripoli and Tunis .....	327,	283,	44,	—
Morocco .....	212,	512,	—	300,
Western coast of Africa .....	240,	627,	—	387,
Other countries .....	1,227,	2,550,	—	1,323,
	11,300,	8,514,	4,796,	2,010,
<i>Deduct excess of exports .....</i>	—	—	2,010,	—
<i>Net excess of imports .....</i>	—	—	2,786,	—

TABLE G *Contd.*—*Imports and Exports of Merchandise, United Kingdom.*

[In thousands of £'s.]

	Imports.	Exports.	Excess of Imports.	Excess of Exports.
	£	£	£	£
<i>Group 8. British Colonies and Possessions.</i>				
Australasia .....	29,362,	23,696,	5,666,	—
British India .....	24,813,	28,009,	—	3,196,
Straits Settlements .....	3,643,	2,539,	1,104,	—
Ceylon .....	4,688,	1,071,	3,617,	—
Hong Kong .....	606,	2,080,	—	1,474,
Cape of Good Hope and Natal .....	4,948,	14,387,	—	9,439,
North American colonies .....	19,539,	6,465,	13,074,	—
West India islands, Guiana, and } Honduras .....	2,204,	2,802,	—	598,
West African possessions .....	2,153,	1,998,	155,	—
Channel islands .....	1,327,	1,303,	24,	—
Gibraltar, Malta, Mauritius, and Aden .....	400,	2,010,	—	1,610,
Other possessions .....	332,	600,	—	268,
	94,015,	86,960,	23,640,	16,585,
<i>Deduct excess of exports .....</i>	—	—	16,585,	—
<i>Net excess of imports .....</i>	—	—	7,055,	—

*Summary.*

	Imports.	Exports.	Excess of Imports.	Excess of Exports.
	£	£	£	£
Group 1 .....	124,131,	80,951,	49,003,	5,823,
„ 2 .....	83,869,	43,004,	45,419,	4,554,
„ 3 .....	3,382,	5,156,	1,303,	3,077,
„ 4 .....	4,413,	11,755,	93,	7,435,
„ 5 .....	113,042,	37,934,	75,108,	—
„ 6 .....	16,868,	19,891,	2,324,	5,347,
„ 7 .....	11,300,	8,514,	4,796,	2,010,
„ 8 .....	94,015,	86,960,	23,640,	16,585,
Total .....	451,020,	294,165,	201,686,	44,831,
<i>Deduct excess of exports ...</i>	—	—	44,831,	—
<i>Net excess of imports ....</i>	—	—	156,855,	—

TABLE H.—*Imports and Exports of Merchandise into and from the United Kingdom in the Year 1897 in the Transshipment Trade.*

[In thousands of £'s.]

	Imports.	Exports.	Excess of Imports.	Excess of Exports.
	£	£	£	£
Russia .....	13,	114,	—	101,
Sweden .....	—	27,	—	27,
Denmark .....	3,	28,	—	25,
Germany .....	768,	974,	—	206,
Holland .....	842,	336,	506,	—
Belgium .....	551,	111,	440,	—
Channel Islands .....	6,	51,	—	45,
France .....	3,829,	122,	3,707,	—
Portugal, &c. ....	174,	10,	164,	—
Spain and Canaries .....	286,	21,	265,	—
Italy .....	60,	39,	21,	—
Austrian territories .....	12,	180,	—	168,
Greece .....	49,	—	49,	—
Turkish dominions .....	339,	34,	305,	—
Egypt .....	182,	21,	161,	—
Morocco and West Coast of Africa .....	—	132,	—	132,
British possessions in South Africa .....	—	532,	—	532,
„ India, including Ceylon and } Straits Settlements .....	887,	1,072,	—	185,
Philippine Islands .....	91,	27,	64,	—
China, including Hong Kong .....	235,	121,	114,	—
Japan .....	31,	97,	—	66,
Australasia .....	—	978,	—	978,
British North America .....	—	410,	—	410,
„ West Indies and Guiana .....	—	86,	—	86,
Hayti and foreign West Indies .....	1,	108,	—	107,
United States .....	982,	4,163,	—	3,181,
Mexico .....	—	59,	—	59,
Central America .....	—	25,	—	25,
Republic of Colombia .....	315,	279,	36,	—
Ecuador .....	188,	—	188,	—
Chili .....	25,	68,	—	43,
Brazil .....	238,	152,	80,	—
Argentine Republic .....	—	69,	—	69,
Peru .....	—	16,	—	16,
Aden .....	312,	—	312,	—
Other countries .....	333,	284,	49,	—
	10,752,	10,752,	6,461,	6,461,

*Note.*—In some cases where no imports or exports are shown, it may be the case that the figures are included under other countries.

TABLE I.—*Imports and Exports of Gold and Silver Coin and Bullion into and from the United Kingdom in Trade with the undermentioned Countries in 1897, showing the Excess of Imports or Exports.*

[In thousands of £'s.]

	Imports.	Exports.	Excess of Imports.	Excess of Exports.
	£	£	£	£
Russia .....	—	6,917,	—	6,917,
Denmark .....	—	1,	—	1,
Germany .....	492,	12,703,	—	12,211,
Holland.....	16,	867,	—	851,
Belgium .....	2,973,	2,015,	958,	—
France .....	3,640,	2,102,	1,538,	—
Portugal, &c. ....	477,	37,	440,	—
Spain and Canaries .....	90,	866,	—	776,
Austrian territories .....	—	4,205,	—	4,205,
Turkey .....	8,	11,	—	3,
Egypt .....	316,	1,082,	—	766,
West Coast of Africa .....	174,	137,	37,	—
China, including Hong Kong .....	693,	540,	153,	—
Japan .....	—	5,314,	—	5,314,
United States of America .....	10,156,	1,225,	8,931,	—
Mexico, Central and South America, } (except Brazil) and West Indies .... }	3,384,	334,	3,050,	—
Brazil .....	394,	365,	29,	—
Gibraltar .....	11,	8,	3,	—
Malta .....	64,	66,	—	2,
British possessions in South Africa .....	13,654,	61,	13,593,	—
British East Indies .....	1,497,	9,156,	—	7,659,
Australasia .....	10,662,	116,	10,546,	—
British North America .....	2,	27,	—	25,
Other countries .....	138,	1,429,	—	1,291,
	48,841,	49,584,	39,278,	40,021,
<i>Deduct excess of exports</i> .....	—	—	—	39,278,
<i>Net excess of imports</i> .....	—	—	—	743,

TABLE K.—*Imports and Exports of Merchandise (Commerce Général) into and from France in 1897, in Trade with the undermentioned Countries, showing also the Excess of Imports or of Exports.*

[In thousands of £'s (25 frs. = £).]

Country.	Imports from.	Exports to.	Excess of Imports.	Excess of Exports.
	£	£	£	£
United Kingdom .....	26,308,	57,716,	—	31,408,
„ States .....	19,504,	13,544,	5,960,	—
Germany .....	14,884,	17,700,	—	2,816,
Belgium .....	14,072,	23,440,	—	9,368,
Switzerland .....	13,868,	13,348,	520,	—
Spain .....	13,008,	7,144,	5,864,	—
Russia .....	12,956,	1,632,	11,324,	—
Algeria .....	9,840,	9,412,	428,	—
Italy .....	8,664,	7,968,	696,	—
Argentina .....	8,536,	2,916,	5,620,	—
China .....	6,724,	1,180,	5,544,	—
Brazil .....	5,792,	3,508,	2,284,	—
Turkey .....	5,760,	3,044,	2,716,	—
British India .....	5,596,	788,	4,808,	—
Japan .....	3,764,	1,528,	2,236,	—
Australia .....	3,328,	1,008,	2,320,	—
Austria .....	2,860,	848,	2,012,	—
Sweden .....	2,640,	436,	2,204,	—
Chili .....	2,056,	756,	1,300,	—
Hayti .....	1,932,	268,	1,664,	—
Holland .....	1,772,	2,640,	—	868,
Egypt .....	1,652,	2,032,	—	380,
Roumania .....	1,516,	332,	1,184,	—
Tunis .....	1,172,	1,880,	—	708,
Uruguay .....	1,132,	504,	628,	—
St. Pierre and Miquelon .....	1,080,	300,	780,	—
Venezuela .....	1,044,	204,	840,	—
Norway .....	1,016,	320,	696,	—
Colombia.....	956,	1,136,	—	180,
French Indo-China .....	928,	1,540,	—	612,
Réunion .....	828,	780,	48,	—
Senegal, &c. ....	816,	1,272,	—	456,
Martinique .....	760,	520,	240,	—
British American colonies .....	756,	160,	596,	—
Mexico .....	704,	1,060,	—	356,
Greece.....	672,	580,	92,	—
Tripoli and Morocco .....	604,	464,	140,	—
Guadeloupe .....	524,	452,	72,	—
Spanish American colonies .....	512,	68,	444,	—
French Oceania .....	488,	440,	48,	—
Philippine Isles .....	448,	28,	420,	—
Portugal .....	436,	524,	—	88,
Africa, other countries .....	408,	252,	156,	—
Peru .....	388,	140,	248,	—
British African colonies .....	344,	388,	—	44,
Dutch East Indies .....	288,	120,	168,	—
Ecuador .....	252,	56,	196,	—
Asia, other countries.....	212,	68,	144,	—
Madagascar, &c.....	188,	712,	—	524,
Guatemala .....	184,	44,	140,	—

TABLE K. *Contd.*—*Imports and Exports of Merchandise (Commerce Général) into and from France in 1897.*

[In thousands of £'s.]

Country.	Imports from.	Exports to.	Excess of Imports.	Excess of Exports.
	£	£	£	£
Denmark.....	156,	696,	—	540,
French Indian colonies.....	120,	40,	80,	—
West Coast of Africa .....	88,	60,	28,	—
French Guiana .....	64,	432,	—	368,
Oceania .....	60,	4,	56,	—
Malta, Cyprus, Gibraltar .....	40,	240,	—	200,
Siam .....	32,	12,	20,	—
Dutch Guiana .....	20,	8,	12,	—
St. Thomas .....	8,	448,	—	440,
Bolivia .....	—	4,	—	4,
Epaves, &c. ....	16,	—	16,	—
Zone franche .....	724,	1,336,	—	612,
Provisions de bord.....	—	1,644,	—	1,644,
Total .....	205,500,	192,124,	64,992,	51,616,
Deduct excess of exports....	—	—	51,616,	—
Net excess of imports .....	—	—	13,376,	—

TABLE L.—*Statement of the TRANSIT Trade of France in 1897, showing the Countries from which Goods were Received and to which Exported.*

[In thousands of £'s (25 frs. = £).]

Country.	Imports.	Exports.	Excess of Imports.	Excess of Exports.
	£	£	£	£
United Kingdom.....	1,296,	8,404,	—	7,108,
Switzerland .....	10,628,	4,572,	6,056,	—
United States .....	276,	2,944,	—	2,668,
Spain .....	2,228,	1,996,	232,	—
Italy .....	2,264,	1,160,	1,104,	—
Germany .....	2,172,	1,016,	1,156,	—
Brazil .....	128,	920,	—	792,
Belgium .....	2,152,	740,	1,412,	—
Argentina .....	—	648,	—	648,
Turkey .....	148,	160,	—	12,
Mexico .....	96,	124,	—	28,
Colombia .....	—	104,	—	104,
Egypt .....	192,	88,	104,	—
Chili .....	—	80,	—	80,
Peru .....	—	8,	—	8,
China .....	124,	—	124,	—
Holland.....	44,	—	44,	—
British India .....	24,	—	24,	—
Other countries .....	2,168,	976,	1,192,	—
	23,940,	23,940,	11,448,	11,448,

TABLE M.—*Imports and Exports of Gold and Silver (Commerce Général) into and from France in 1897, in Trade with the undermentioned Countries.*

## IMPORTS.

[In thousands of £'s (25 frs. = £).]

Country Imported from.	Gold Bullion.	Gold Coin.	Silver Bullion.	Silver Coin.	Token Money.	Total Imports.
	£	£	£	£	£	£
United Kingdom .....	1,598,	104,	2,190,	312,	3,	4,207,
„ States .....	2,401,	1,012,	168,	16,	—	3,597,
Belgium .....	77,	2,305,	95,	1,111,	1,	3,589,
Switzerland .....	326,	66,	15,	1,397,	—	1,804,
Italy .....	403,	321,	39,	109,	3,	875,
Spain .....	126,	397,	268,	10,	—	801,
Colombia .....	511,	77,	43,	146,	—	777,
Mexico .....	—	—	22,	492,	—	514,
Egypt .....	—	462,	—	8,	—	470,
Turkey .....	—	424,	—	—	—	424,
Spanish American colonies	—	128,	7,	—	—	135,
Morocco .....	—	26,	—	90,	—	116,
Australia .....	—	116,	—	—	—	116,
Germany .....	—	77,	3,	33,	—	113,
Argentina .....	49,	—	6,	8,	—	63,
Chili .....	50,	—	10,	—	—	60,
Holland .....	46,	—	—	—	—	46,
Austria .....	—	—	—	15,	—	15,
Peru .....	—	—	4,	8,	—	12,
British African colonies	—	—	—	7,	—	7,
Brazil .....	—	—	3,	—	—	3,
Bolivia .....	—	—	2,	—	—	2,
French Guiana .....	367,	102,	—	—	—	469,
Tunis .....	—	—	4,	226,	—	230,
Senegal .....	—	—	2,	98,	—	100,
Madagascar .....	—	—	—	39,	—	39,
Martinique .....	—	—	4,	29,	—	33,
Guadeloupe .....	—	—	—	11,	—	11,
Other French colonies	87,	22,	1,	4,	—	114,
Zone franche .....	—	—	—	425,	—	425,
Other countries .....	167,	153,	2,	44,	1,	367,
Totals .....	6,208,	5,792,	2,888,	4,638,	8,	19,534,



TABLE M *Contd.*—*Imports and Exports of Gold and Silver of France.*

## EXPORTS.

[In thousands of £'s (25 frs. = £).]

Country Exported to.	Gold Bullion.	Gold Coins.	Silver Bullion.	Silver Coins.	Token Money.	Total.
	£	£	£	£	£	£
United Kingdom .....	235,	379,	168,	600,	11,	1,323,
Germany.....	522,	1,699,	13,	—	—	2,234,
Switzerland .....	166,	—	143,	713,	—	1,022,
Italy .....	27,	—	5,	101,	28,	161,
British India .....	—	155,	—	—	—	155,
Other countries .....	86,	128,	6,	337,	24,	581,
Belgium .....	—	256,	15,	—	—	271,
Turkey .....	—	640,	13,	—	—	653,
Egypt .....	—	283,	17,	—	—	300,
United States.....	—	813,	—	—	—	813,
Spain .....	—	—	22,	—	7	29,
Russia .....	—	—	—	3,572,	—	3,572,
Tunis .....	—	243,	9,	—	—	252,
Other French colonies	—	13,	1,	1,055,	26,	1,095,
Morocco .....	—	—	—	68,	—	68,
Algeria .....	—	—	—	563,	—	563,
British East Africa ....	—	—	—	66,	—	66,
French Indo-China ....	—	—	—	868,	—	868,
Greece.....	—	—	—	—	27,	27,
	1,039,	4,609,	412,	7,943,	123,	14,123,

TABLE N.—*Imports and Exports of Domestic and Foreign Merchandise by Countries into and from the United States for Year ending 30th June, 1898.*

[In thousands of £'s (\$5 = £).]

Countries.	Imports.	Exports.	Excess of Imports.	Excess of Exports.
<i>Europe.</i>	£	£	£	£
Austria-Hungary.....	943,	1,139,	—	196,
Azores and Madeira Islands ...	5,	76,	—	71,
Belgium .....	1,748,	9,521,	—	7,773,
Denmark .....	42,	2,540,	—	2,498,
France .....	10,546,	19,090,	—	8,544,
Germany .....	13,939,	31,008,	—	17,069,
Gibraltar .....	6,	61,	—	55,
Greece .....	182,	26,	156,	—
Greenland, Iceland, &c. ....	29,	—	29,	—
Italy .....	4,060,	4,654,	—	594,
Malta, Gozo, &c. ....	3,	13,	—	10,
Netherlands .....	2,507,	12,855,	—	10,348,
Portugal .....	521,	706,	—	185,
Roumania.....	—	22,	—	22,
Russia, Baltic, &c. ....	530,	1,266,	—	736,
„ Black Sea .....	378,	201,	177,	—
Servia .....	2,	—	2,	—
Spain.....	715,	2,046,	—	1,331,
Sweden and Norway .....	534,	1,263,	—	729,
Switzerland .....	2,276,	53,	2,223,	—
Turkey in Europe .....	424,	28,	396,	—
United Kingdom .....	21,828,	108,172,	—	86,344,
<i>Total Europe .....</i>	<i>61,218,</i>	<i>194,740,</i>	<i>2,983,</i>	<i>136,505,</i>
<i>Deduct excess of imports ...</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>2,983,</i>
<i>Net excess of exports .....</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>133,522,</i>
<i>North America.</i>				
Bermuda .....	93,	200,	—	107,
British Honduras .....	31,	111,	—	80,
Nova Scotia, New Bruns- } wick, &c. .... }	853,	908,	—	55,
Quebec, Ontario, &c. ....	4,555,	14,993,	—	10,438,
British Columbia .....	921,	840,	81,	—
Newfoundland and Labrador....	75,	241,	—	166,
Costa Rica .....	519,	316,	203,	—
Guatemala .....	368,	241,	127,	—
Honduras .....	169,	140,	29,	—
Nicaragua.....	219,	217,	2,	—
Salvador .....	178,	149,	29,	—
Mexico .....	3,800,	4,241,	—	441,
Miquelon, Langley, &c. ....	32,	41,	—	9,
British West Indies .....	2,133,	1,677,	456,	—
Danish .....	66,	142,	—	76,
Dutch .....	35,	109,	—	74,
French .....	6,	324,	—	318,
Haiti .....	226,	594,	—	368,

*Note.*—A discrepancy will be observed between the figures here shown and those appearing in Table B. This is due to the fact that in one table the dollar is reckoned at 4s. 2d., and in the other at 4s.

TABLE N *Contd.* --Imports and Exports into and from the United States

[In thousands of £'s (\$5 = £).]

Countries.	Imports.	Exports.	Excess of Imports.	Excess of Exports.
	£	£	£	£
<i>North America—Contd.</i>				
Santo Domingo .....	426,	230,	196,	—
Spanish-Cuba .....	3,046,	1,912,	1,134,	—
Puerto Rico .....	483,	301,	182,	—
<i>Total North America</i> .....	18,234,	27,927,	2,439,	12,132,
<i>Deduct excess of imports</i> ....	—	—	—	2,439,
<i>Net excess of exports</i> .....	—	—	—	9,693,
<i>South America.</i>				
Argentina .....	1,184,	1,286,	—	102,
Bolivia .....	—	4,	—	4,
Brazil .....	12,350,	2,664,	9,686,	—
Chile .....	747,	470,	277,	—
Columbia .....	1,037,	656,	381,	—
Ecuador .....	153,	171,	—	18,
Falkland Islands .....	—	—	—	—
British Guiana .....	612,	358,	254,	—
Dutch „ .....	291,	76,	215,	—
French „ .....	3,	26,	—	23,
Paraguay .....	—	—	—	—
Peru .....	145,	261,	—	116,
Uruguay .....	354,	243,	111,	—
Venezuela .....	1,543,	549,	994,	—
<i>Total South America</i> .....	18,419,	6,764,	11,918,	263,
<i>Deduct excess of exports</i> ....	—	—	263,	—
<i>Net excess of imports</i> .....	—	—	11,655,	—
<i>Asia.</i>				
Aden .....	404,	119,	285,	—
China .....	4,065,	1,998,	2,067,	—
British East Indies .....	5,448,	939,	4,509,	—
Dutch „ .....	2,906,	240,	2,666,	—
French „ .....	—	30,	—	30,
Portuguese „ .....	—	—	—	—
Hong Kong .....	149,	1,253,	—	1,104,
Japan .....	5,045,	4,101,	944,	—
Korea .....	—	25,	—	25,
Russia, Asiatic .....	22,	124,	—	102,
Turkey in Asia .....	465,	49,	416,	—
All other Asia .....	15,	87,	—	72,
<i>Total Asia</i> .....	18,519,	8,965,	10,887,	1,333,
<i>Deduct excess of exports</i> ....	—	—	1,333,	—
<i>Net excess of imports</i> .....	—	—	9,554,	—

See note, p. 65.

TABLE N *Contd.*—*Imports and Exports into and from the United States.*

[In thousands of £'s (£5 = £).]

Countries.	Imports.	Exports.	Excess of Imports.	Excess of Exports.
<i>Oceanica.</i>	£	£	£	£
Auckland, Fiji, &c. ....	—	1,	—	1,
British Australasia .....	1,116,	3,121,	—	2,005,
French Oceanica .....	37,	60,	—	23,
German „ .....	—	2,	—	2,
Hawaiian Islands .....	3,437,	1,181,	2,256,	—
Spanish Oceanica .....	2,	1,	1,	—
Tonga, Samoa, &c. ....	14,	7,	7,	—
Philippine Islands .....	766,	25,	741,	—
<i>Total Oceanica</i> .....	5,372,	4,398,	3,005,	2,031,
<i>Deduct excess of exports</i> ...	—	—	2,031,	—
<i>Net excess of imports</i> .....	—	—	974,	—
<i>Africa.</i>				
British Africa .....	175,	2,406,	—	2,231,
Canary Islands .....	5,	55,	—	50,
French Africa .....	96,	134,	—	38,
German „ .....	—	—	—	—
Liberia .....	1,	3,	—	2,
Madagascar .....	3,	45,	—	42,
Portuguese Africa .....	3,	580,	—	577,
Spanish „ .....	—	6,	—	6,
Egypt .....	1,007,	137,	870,	—
Tripoli .....	12,	26,	—	14,
All other Africa .....	137,	80,	57,	—
<i>Total Africa</i> .....	1,439,	3,472,	927,	2,960,
<i>Deduct excess of imports</i> ...	—	—	—	927,
<i>Net excess of exports</i> .....	—	—	—	2,033,

*Recapitulation.*

Countries.	Imports.	Exports.	Excess of Imports.	Excess of Exports.
	£	£	£	£
Europe .....	61,218,	194,740,	—	133,522,
North America .....	18,234,	27,927,	—	9,693,
South „ .....	18,419,	6,764,	11,655,	—
Asia .....	18,519,	8,965,	9,554,	—
Oceanica .....	5,372,	4,398,	974,	—
Africa .....	1,439,	3,472,	—	2,033,
<i>Grand total</i> .....	123,201,	246,266,	22,183,	145,248,
<i>Deduct excess of imports</i> ...	—	—	—	22,183,
<i>Net excess of exports</i> .....	—	—	—	123,065,

See note, p. 65.

TABLE O.—*Import and Export of Gold and Silver into and from the United States in the Year ending 30th June, 1898, in Trade with the undermentioned Countries, showing also the Excess of Imports or Exports.*

## GOLD.

[In thousands of £'s (\$5 = £).]

	Imports.	Exports.	Excess of Imports.	Excess of Exports.
	£	£	£	£
France .....	4,560,	803,	3,757,	—
Germany.....	1,686,	252,	1,434,	—
United Kingdom .....	8,627,	89,	8,538,	—
Other European countries .....	109,	—	109,	—
British Honduras .....	7,	—	7,	—
Quebec, Ontario, &c.....	942,	638,	304,	—
British Columbia .....	685,	19,	666,	—
Central America .....	103,	23,	80,	—
Mexico .....	1,024,	2,	1,022,	—
Haiti .....	—	69,	—	69,
San Domingo .....	—	36,	—	36,
British West Indies .....	25,	—	25,	—
Cuba .....	1,033,	840,	193,	—
Other West Indies .....	112,	8,	104,	—
„ North American countries .....	107,	42,	65,	—
Columbia .....	48,	5,	43,	—
Venezuela .....	124,	21,	103,	—
Other South American countries .....	4,	5,	—	1,
China .....	—	—	—	—
East Indies.....	—	—	—	—
Hong Kong.....	—	13,	—	13,
Japan .....	—	—	—	—
Hawaii .....	—	216,	—	216,
British Australasia .....	4,456,	—	4,456,	—
Other Asiatic countries .....	426,	—	426,	—
Africa .....	—	—	—	—
Other countries .....	—	—	—	—
	24,078,	3,081,	21,332,	335,
<i>Deduct excess of exports ....</i>	—	—	335,	—
<i>Net excess of imports .....</i>	—	—	20,997,	—

TABLE O *Contd.*—*Import and Export of Gold and Silver into and from the United States.*

## SILVER.

[In thousands of £'s (£5 = £).]

	Imports.	Exports.	Excess of Imports.	Excess of Exports.
	£	£	£	£
France.....	5,	212,	—	207,
Germany.....	1,	—	1,	—
United Kingdom .....	5,	8,491,	—	8,486,
Other European countries .....	—	—	—	—
British Honduras .....	39,	—	39,	—
Quebec, Ontario, &c.....	14,	29,	—	15,
British Columbia .....	674,	5,	669,	—
Central America.....	158,	75,	83,	—
Mexico .....	5,005,	240,	4,765,	—
Haiti .....	—	—	—	—
San Domingo .....	—	68,	—	68,
British West Indies .....	4,	—	4,	—
Cuba .....	—	—	—	—
Other West Indies.....	131,	7,	124,	—
„ North American countries	2,	—	2,	—
Columbia .....	28,	5,	23,	—
Venezuela .....	—	—	—	—
Other South American countries	116,	13,	103,	—
China .....	—	195,	—	195,
East Indies.....	—	288,	—	288,
Hong Kong.....	—	1,365,	—	1,365,
Japan .....	—	12,	—	12,
Hawaii .....	—	15,	—	15,
British Australasia .....	—	—	—	—
Other Asiatic countries.....	3,	—	3,	—
Africa .....	—	—	—	—
Other countries .....	—	1,	—	1,
Total .....	6,185	11,021,	5,816,	10,652,
<i>Deduct excess of imports ..</i>	—	—	—	5,816,
Net excess of exports .....	—	—	—	4,836,

DISCUSSION *on* SIR ROBERT GIFFEN'S PAPER.

MR. JOSEPH SAMUEL agreed entirely with Sir Robert Giffen in the deductions he had come to as to the excess of imports, but he did not agree in the statement of quantity of imports as given by the Board of Trade statistics. The same mistake had recurred in them for years, and was likely to occur unless the mode of taking the statistics was altered. According to the Board of Trade returns the excess of imports from 1886 to 1898 amounts to 1,538 million £. Sir Robert Giffen and all statisticians knew that such surpluses against the country were impossible; they would show a reckless mode of trading which could not be carried on in any business or any country. Sir Robert Giffen had demonstrated, however, that these figures were not correct, as there was no allowance made for the carrying trade; and further said that the excess of imports was accounted for to some extent by the fact that we valued the imports at the place of arrival and the exports at the place of shipment. Again, the foreign indebtedness to this country was undoubtedly very great, and was yearly increasing; yet there was something more than these things. The Board of Trade figures must be erroneous. From an abstract made by Mr. T. J. Pittar, he found that from 1699 to 1853, a period of over one hundred and fifty years, there was an excess of exports; but in 1854 a change was made in the system adopted by the Board of Trade in showing these figures, and this system was still followed. The imports were not valued at the true cost to the importer, but included freight, insurance, and various other charges, which loaded the imports to the extent of from 15 to 20 per cent. Exactly the reverse process took place with regard to the exports, and thus it was that so great an apparent excess of imports was shown.

MR. JOHN GLOVER said every Fellow of the Society must share with him the satisfaction with which he had listened to this admirable paper. Even in his paper in 1882 Sir Robert Giffen very nearly laid the ghost of the alarm about the excess of imports over exports, and now he completed the achievement. He observed too with great satisfaction how very careful the author had been not to make any forecast for the future. He was much struck with a quotation from Professor Marshall, who was quoted as describing people as being "saturated with imports." He wished professors would use sober language. Who was saturated with imports? With what imports was anybody saturated? No one was obliged to take imports he did not want or could not pay for. Imports of one year might fairly be compared with those of another; but when political arguments were founded on comparisons of the value of imports with those of exports, they were comparing different things and getting on dangerous ground. The question was not did the imports exceed the exports, but did they exceed what was wanted and could be paid for. Notwithstanding these enormous imports, our warehouses were not overburdened,



with stocks. Trade now was a hand-to-mouth trade. We did not indulge in the luxury of large stocks as we were forced to do in times of very inferior communications, when the receipt of goods by certain dates could not be relied upon. The next thing to be remembered about imports was that they were nearly all grown, though some were manufactured. There was hardly an article of any description imported into this country the producing of which had not been paid for close to the place of its production. The bulk of the imports into this country were paid for before they were set afloat for this country; they did not come here on speculation so far as the producers were concerned, but because some dealer saw his way by buying in one country and selling in another to turn 20s. into 20s. 6d. Further, all these enormous imports were paid for without any financial distress. We had long periods of abnormally cheap money and excellent credit. It was most significant moreover that besides the large imports during twenty-one years out of the last thirty, the imports of bullion had exceeded the exports. That money only came because it was due to somebody here. These considerations ought to dispel all fears regarding imports, and we no longer ought to trouble about the questions as to whether the imports were ahead of the exports or not. They were much indebted to Sir Robert Giffen for the invention of the term "invisible export." They had come to know now that the Board of Trade returns were incomplete. No doubt they were true so far as they went, but the imports were overstated and the exports were understated. The services done by our flag between different foreign nations, which made no mark whatever on the returns, were increasing. He did not think that the figures which Sir Robert had put down to the invisible item of freight, large as they were, were at all exaggerated. This was as real an export and had as true an exchangeable value as material goods. The fact was that under our free trade policy we had been able to put all the various countries of the earth under tribute to supply our wants; and by our easy methods of payment through goods, through cash, through services, through interest, and through the business we carried on in those foreign countries, we were enabled to get these goods with the least possible inconvenience and the greatest possible advantage to the industrious people of this kingdom.

Mr. A. E. BATEMAN said he must first pay a tribute to the excellence of this paper, which was in continuation of one the author gave the Society sixteen or seventeen years ago. That paper was the first of the kind, and was therefore more taking in its methods. This was more a continuation, but it was very useful; and at the Board of Trade they took it as being very valuable in showing how many allowances had to be made by anyone who tried to draw a balance sheet from what were called the Board of Trade returns. Those returns had been criticised that evening; and it might be explained that down to 1854 the imports were "official values," based on the prices of two centuries ago; but from 1854 to 1870 actual prices were taken, and since 1870 the declara-

tions of merchants, based on actual transactions, were the basis, so that the returns now gave a fair account of the value of the goods as they came into the ports, and the value as they left them. That method, he maintained, was a proper and scientific way of showing the trade of the country. It was the method, too, of all civilised countries, with one or two exceptions. One of these exceptions was the United States, which took the imports at their value as they left the port from which they came. That was done by them partly on account of their system of customs taxation *ad valorem*. The paper brought out very clearly that these accounts must be taken for what they were worth, and for no more. It was impossible to make up a balance sheet or say whether the country was getting richer or poorer by taking the Board of Trade returns alone. To get a good idea of the state of the country they must not only take the imports and exports, but also, *inter alia*, the state of the money market, bank clearances, employment of labour, pauperism, and the traffic on railways and the stocks consumed by the great manufacturing populations. Many of the factors in such an inquiry were estimates which should not be undertaken by a Government department. The department should however furnish all possible materials for such inquiries. This paper had been compiled on such good methods and with such care (and the author had come to his old workshop in many instances for his material), that he did not think there could be very much criticism on the figures; but there was one point especially he should like to mention. There seemed in some quarters an idea that people exported for the good of the Board of Trade returns, in order that they should show a large total; but the fact was, the man who exported something did it because he saw an opportunity of making a profit for himself by the transaction, and the same with the importer. An export very often had no relation to an import whatever. Another point which was well brought out was that we should not take alarm at the decrease or stagnation in exports. Our manufacture for home consumption was of very great importance, and had been materially increasing. As regards the iron and steel industry, for example, the large production of material for the defence of the country was a very considerable item. Thousands of workers had been employed in the service of the State, and that, as most of them believed, would be for the security of trade and for the general benefit of the country.

Mr. WILLIAM FOWLER remembered the early discussions on this subject raised about twenty years ago; and there were several papers in the *Economist* to which he had turned back lately. The point which struck him most was that if the arguments which he had heard were correct, the whole of our gold would have been gone long ago, and we should have been a bankrupt country; but he did not see any evidence of bankruptcy. On the contrary, he never saw so much evidence as he did at that time of prosperity. He had been talking not long ago to a banker who lived in an almost purely agricultural district, and had done so for twenty years. He told him that he was quite sure the condition of that

district, notwithstanding the great depression of agriculture, was vastly improved; the deposits in the banks had greatly increased; and building was going on to an astonishing degree. That did not look like ruin coming over the country. If it were true that the mere fact of imports exceeding exports led certainly to the consumption of our own capital, long ago we must have consumed everything we had, and been entirely bankrupt. The more one thought about it, the more absurd the idea was. The explanation was just what Sir Robert Giffen had made. People owed us a great deal of money, and they had to send it to us in some way. We did all we could to send our goods away, but the fact that people owed us so much more than we sent away was not a fact we ought to complain of; it was rather an evidence of the wealth of the country. People did not send us these imports unless they were bound to send them in discharge of interest due or in payment for goods sent by us to customers in various parts of the world; they came by a natural process. He was not quite satisfied with regard to the calculation as to the earnings of ships; perhaps these were a little exaggerated, but the figures came out so large that some allowance might be made and yet a satisfactory result remain. Our imports exceeded our exports because we were an extremely wealthy nation, and were therefore able to import. We could not help competition, and ought not to desire to get rid of it; it stimulated our energies and made us see that our work was good. He was not at all surprised that the exports had what might be called rather a stationary appearance. The Germans were very busy, and so were the French and the United States. Our most serious competitor at the present time was the United States. No one, however high their opinion of the United States had been from an economical point of view, could have foreseen such a position as it now occupied. It had usurped, he was told, the place of Great Britain as the dominant power in the iron and steel trades. It had enormous resources in iron ore and in coal, which could be got out at a very low cost. The only surprising thing to him was that, notwithstanding all the competition, we were able to do as well as we did. He was very glad that this paper had been written, for it was a thoroughly sound paper, the explanations given were true, and we need not go away and think that John Bull was going to the dogs. He had been told all his life that this process was going on, but John Bull was still vigorous and hopeful.

Mr. T. J. PITTAR said he also should like to bear his testimony to the great value of this paper. Imports and exports did not constitute the national balance sheet; they constituted only one item, and as they saw from the enormous figures which had been given, were probably not by any means the largest part of the turnover if everything were taken into account. There were such great items for freight and commission to be taken into account that really the Board of Trade returns, although it could not be said that they sank into insignificance, at any rate were a much less proportion of the whole than people supposed. It was well

therefore that this popular fallacy that the Board of Trade returns of themselves constituted a balance sheet had been exposed. The paper showed, too, that an excess of imports did not mean that the balance of trade was really against us. The excess of imports in the case of an old and prosperous nation was really a sign of prosperity rather than of decay. That excess in the case of the United Kingdom was enormously augmented by the freights we received. But he asked whether, as there were a good many foreign lines carrying British goods, there might not be a little set off to those freights of which the author had taken account. Again, there was no special mention of the coasting trade. Even after making allowance for the repeated voyages shown in the totals of entrances and clearances, there was a considerable total tonnage employed in that trade, and he was not quite clear whether allowance had been made for that in the author's estimates of the freights earned by British shipping. With regard to the stationariness of the exports, we could not, in view of the comparative size and future populations of the countries, hope to maintain the first place as against the United States (which was our chief competitor in production), especially as regards iron, steel, and coal; but it did not at all follow from that that we were decaying as a commercial nation. We might still be progressing satisfactorily, though not quite so quickly as some of our rivals. Though the author drew attention to the fact that the great trading nations of the world did most of their business with each other, it was not to be inferred that we ought to neglect new countries. On the contrary, the keener the competition the greater was the necessity for a trading nation to open up the waste places of the earth and exploit the fields of industry that remained; they constituted our chief means of recuperation. He instanced the trade with the east coast of Africa, which was one of our latest fields of development, from Cairo to the Cape, and found that whilst compared with eight or ten years ago we had lost in our exports to America some 7 or 8 million £, we had in the same time increased our exports to that coast line of Africa by a rather larger amount. These less populous countries would in course of time come to be our great markets. He thought if we looked after the new countries, the trading with the old countries would look after itself. Mr. Bateman had explained already the method of making the returns. It was to take the values of the goods as they arrived at the doors of the kingdom, and the value of the exports at the same point. That must be taken to be the correct method; it was the value of the goods as they left us and as they reached us. They obtained the correct value in the vast majority of cases; and he thought the returns might be accepted with great certainty. Since 1854 the greatest attention had been directed to seeing that the correct values were obtained. With regard to imports, they did not get the market value, which would include the importer's profit, but simply the value at the hour of importation; and the same way with the exports. They had at times to incur some odium by having to enforce the law in order to get the correct values.

MR. STEPHEN BOURNE thought the necessity of having a correct balance sheet might still be insisted upon. Though he did not believe that because our imports exceeded our exports we were drawing on our capital, we did want to gauge the prosperity of the country, and be able to ascertain what was the exact difference between the two; likewise the differences between one year and another. It was quite right with regard to imports to deduct the amount of freight included in the value before attempting to strike a balance; but the speaker differed from Sir Robert Giffen in the estimate he had made in putting the whole amount of freight which the ships earned as part of the means we had of paying for our imports, because it must be recollected that all that freight which was earned in respect of imports was already included in its value, and a large portion of the receipts abroad was expended in the maintenance of our ships whilst there. The only available means from freight of paying for anything got from abroad was the net amount which the ships might earn in carrying goods to other countries, where—not in England—they got paid for their work, which might come back in the shape of goods; also the very considerable amount which was earned by our ships in trading between foreign countries, or between the colonies and foreign countries, which did not come into the account at all. Another point to be considered was, that if we took credit on the one side for the proceeds of our investments and the income derived from the works we carried on abroad, we must take into account that a large amount of these investments went out in the shape of exports. Therefore we could not claim the exports altogether as a means of paying for our imports unless we deducted the portion which did not bring back any money at all, but which was employed abroad in producing an income. So in making a correct balance sheet, it must be remembered that a large portion of these exports went out not to bring back goods, but in the construction of railways and establishing manufactories, &c., abroad. We sent out plant and material which was not available as a set off against the imports which we derived from these industries. He did not think that the income of the people at home and the produce of home manufactures fairly entered into the question of the external trade of the kingdom at all. One point which had only been lightly touched upon, but which was of great importance, was that in arriving at a correct estimate some consideration must be given to a due relation between quantity and value; for instance, it appeared we had imported to the value of  $19\frac{1}{2}$  million £ more this year than we did last; but on analysing the accounts something less than  $1\frac{1}{2}$  million £ out of that was due to increase of cost, and 18 million £ only was due to extra quantity; whereas in other years the reverse might be the case. When we came to the exports, though in total value there was a deficiency of nearly 1 million £, between 2 and 3 million £ were saved in the cost of raw material for the cotton industry which might properly be added. If the previous year's prices had prevailed, our exports would have been 2 or 3 million £ more. There could be no gain to the country on a higher price paid for its imports, or a lower

received for its exports, on the whole bearings of the subject. Anything like an accurate conclusion could only be arrived at by a process of minute and extended investigation into the concerns of every country with which we traded and every person entering into that trade. This would be utterly impossible. It might be taken for granted that the preponderance of imports over exports depended on our power to pay for them; but it was a very unsatisfactory feature that our exports tended to decrease, or at all events not to increase in proportion to the increased number of our workers and our increased power of production. We ought to seek to employ our labours in the colonies and the foreign countries with which we traded; but there were a great many social questions involved in that point which could not then be entered upon.

Mr. HENRY BIRCHENOUGH, as a visitor, would like to join the previous speakers in thanking the author for his admirable paper; the uncontroversial spirit in which the subject was treated was quite worthy the traditions of the Society. Undoubtedly the actual excess of imports was larger than the apparent excess; the actual amount due to us from year to year was larger than the amount we received. But for our continuing to lend and re-invest abroad, the excess of imports would no doubt be larger than it was. This was a very important point, because, owing to these lendings, whether in the form of increased exports or cancellation of other obligations, we had undoubtedly to explain a larger annual excess of imports than we should otherwise have to do. This was proved by the extraordinary fluctuations from year to year in the amount of those excesses. For instance, in the period from 1875 to 1883 the excess was exceedingly high; from 1884 to 1890 the excess was much reduced; in 1891 to 1898 it had again jumped up in a most remarkable manner. He called attention to another curious fact, namely, that lumping together the nine years 1881-90, the excess of imports was slightly less than in the previous nine years. It was perfectly obvious that during those first nine years we had continued to increase our investments abroad, and the excess of imports ought to be larger in the second nine years than in the first. That they were not so was due to further lendings and to other circumstances to which attention had been called; in any case we had to explain a very much larger excess of imports than the figures showed. He saw nothing alarming in that excess of imports, but at the same time it was a question of vital interest to elucidate the matter as far as possible. Perhaps through the combined labour of a group of individuals they ought to be able to get at a closer knowledge of the elements which went to make up those large excesses. Sir Robert Giffen had called attention to the novel and interesting point of the probable influence of the excess of imports on the growth of our export trade. Our export trade was stationary. It had just kept pace with the drop in values; whereas our main competitor, Germany, had not only been able to keep pace with the drop in values, but to increase her trade considerably. As a manufacturer and exporter he could



not share the somewhat light-hearted indifference with which Sir Robert Giffen looked forward to this contingency of a decrease in our export trade, because he regarded our export trade as being one of the most valuable stimulants to the manufacturing industry of the country. If the industries of the country were driven purely to the home demand, they would stagnate and deteriorate considerably. A most important point in the export trade was the fact that it encouraged enterprise, took us abroad, and brought out those qualities which made us a great empire-building people. The combination of manufacturing and money-lending was one of the things which made us a great commercial people. If from a decline in our manufactures we ceased to be able to provide loans partly in cash and partly in goods, he felt sure that our loan business would seriously decrease, and thus the invisible exports would tend to shrink with the visible ones.

The PRESIDENT (The Right Hon. LEONARD H. COURTNEY, M.P.) said his first duty was to tender on behalf of the Society their best thanks to their colleague, Sir Robert Giffen, for adding to the many favours he had already conferred on the Society by reading this paper. It was not only one of great elaboration and value, but it was a paper of great fascination. Sir Robert showed them an intercourse not merely of dual or triangular trade, but of multiangular trade, going on between all the countries of the world. He showed them, too, how certain circles of our trade were varying in their dimensions. Here he referred especially to that very great trade, the coal trade. The limit of space to which we could with profit send coal was becoming contracted; the circle of export was becoming diminished. The outer circumference was determined by what might be called the interference of two curves of cost: the point where the cost of getting coal from Great Britain was coincident with the point of cost of getting coal from another competitive country was the point to which we could both send. If we went beyond that, we should be at a disadvantage, but within it we were at an advantage. But the wave of expansion in that particular trade had clearly contracted, as was shown by the statistics of the export of commodities to different lands. This was another most remarkable phenomenon, which must be carefully watched if one wished to master the real current of trade with and between foreign countries. There was some danger in the extreme multiplicity and variety of details of a paper such as the present, and, to repeat an old saying, there was danger that they might occasionally fail to see the wood for the multitude of trees. Some simplicity of conception perhaps was wanted. They all knew of *rentier* families, families living on their means, having an income derived from investments, living upon them, and supporting a certain number of dependents, who contributed to the care of those families. There were some parts of this country which might be called *rentier* districts, where people lived on the savings they had made for the most part, or on incomes or pensions derived from services performed in other parts of the world. That conception from a



*rentier* family or district might be carried on, and such a thing as a *rentier* country might be conceived. Now, our foreign trade was due to some extent to the fact that we had lent large sums abroad, that we were concerned in adventures abroad as shareholders, capitalists, and debenture holders, and we also had a certain number of persons here who had served abroad and received pensions in consequence of those services. Moreover, we were a great carrying and manufacturing country. It might be that we should see a gradual increase of the *rentier* class in disproportion with the manufacturing energy which produces and manufactures exports. Referring to Mr. Glover's criticism of Professor Marshall's remarks, he thought what Professor Marshall meant was this: There were certain persons in this country who received foreign food products for their own satisfaction. It might be that their command in respect of what was owed them was such as really to supply all their wants in that direction, still there was something over which might be employed in having extra services of pleasure and luxury, which gave occupation to a certain number of persons at home; that is to say, the increase of *rentier* faculty of the receiver would relatively tend to a diminution of the imports of commodities, and possibly to the development of a class at home which performed services such as Professor Marshall anticipated. He (the President) did not agree with this view, because the class of persons thus given employment would themselves desire precisely the same kind of foreign commodities for their own satisfaction. Such an explanation would be insufficient to account for a relative falling off in exports, unless it was associated with some relative diminution of the productive energy which resulted from the exports of commodities in exchange for other commodities. And it seemed to involve a confession of the truth of the theory as to the growth of the *rentier* portion of the population at the expense of the manufacturing population. Another point Sir Robert Giffen referred to, on which he had hoped something more would have been said, but which was left to Mr Birchenough to refer to, was the suggestion that the quantity of imports to which we were entitled might tend to diminish the energy of our exports. This could not of itself tend to diminish the relative energy of the manufacturing and exporting parts of the nation. A falling off in exports must be due to something quite independent of the circumstance that we were entitled to all these things on which we could live at our ease. He should think that there was going on some change in the circumstances, not in the energy of the population, which might make us relatively a less energetic and exporting country than we were before. Sir Robert Giffen told them quite accurately as a matter of past history, and possibly it might be true in the future, that such changes were compensated by new productions which could not be foretold beforehand, but which always came in to supply the place of industries which decayed. It might be that the future in this respect would follow the past. It might however be that the population remained energetic and yet was repressed by being placed in circumstances relatively less favour-

able than formerly to the development of energy. It might be that the acknowledged fact that the rate of increase in the population was slightly diminishing might in some way be connected with the abatement of industrial predominance. In conclusion, he urged upon Fellows of the Society in considering the paper not to rest content to notify phenomena, but to endeavour to ascertain the causes whence they sprung.

Sir ROBERT GIFFEN said that owing to the lateness of the hour he would do nothing more than return thanks for the cordial manner in which his paper had been received; and with the permission of the Editor of the *Journal* he would supply a few notes in writing upon the discussion itself, which would appear in the *Journal*.

The following notes have since been received:—

“I do not agree with the first speaker, Mr. Samuel, as to the Board of Trade returns not being themselves correct, or with his opinion that it would be a proper correction to deduct so much from the imports on account of freight. The object of the Board of Trade returns of imports and exports is not to show a balance of any sort, but to give information to merchants, manufacturers, and others as to the nature and amount of goods coming into the country, and the nature and amount of goods going out of the country; the values for this purpose being most conveniently stated, with regard to imports as at the place of arrival, and with regard to exports as at the place of departure. A line must be drawn somewhere, and it is for the convenience of traders who primarily make use of the returns of imports and exports that the line is drawn where it is. When the figures come to be used, however, in discussions as to the balance of trade, the true nature of the facts stated should be appreciated by all concerned, and for this purpose, although the returns of imports and exports are themselves correct enough, the facts as to freights and interest payable to this country require to be ascertained. It is altogether wrong therefore to speak of the returns as being erroneous because they cannot be used directly for showing a balance between imports and exports, since that is not the object for which they are primarily designed and used.

“I agree with Mr. Glover so much that I have hardly anything to say upon his remarks except to thank him for the way in which he endorsed the general argument of the paper. His knowledge of the shipowning business makes this endorsement very valuable. I am afraid I may have misquoted Professor Marshall, because I do not think that Professor Marshall made the statement to which Mr. Glover objects. He did not speak of the people of this country being saturated with imports generally. What he spoke of was their being saturated with certain kinds of imports, so that instead of wishing to import more things of those kinds, they preferred giving orders for articles or services of home production which they wanted in preference. The saturation Professor Marshall spoke of therefore is only relative saturation, and the idea is simply made use of to explain the reason for the direction

of peoples' energies towards home production rather than to manufacturing for export.

"Mr. Bateman, in his remarks, explains very clearly the general reasons for valuing imports at the place of arrival and exports at the place of departure, and the general reasons for not attempting to make a balance sheet of the import and export returns by themselves. The remarks should convince students like the first speaker, Mr. Samuel, that the points they referred to have been well considered time and again by those who are officially responsible for import and export statistics, and that there is very good reason indeed for the official practice. I agree with Mr. Bateman also in his last remark as to the increase of manufacture for home consumption, and his special reference to the large production of material for the defence of the country. The withdrawal of workers from ordinary industry for purposes of national defence is no doubt one reason for the exports at a given moment being less than they would otherwise be. This is no reason why the withdrawal should not take place if the national defence requires it; but we cannot eat our cake and have it; and if we give up some of our energies to the absolute defence of our existence and possessions, the less are we able to engage in other production.

"Mr. Fowler I have also the pleasure of agreeing with generally. It was not necessary for the special purpose of this paper, as explained at the outset, to go into the general question of the balance of trade. I am glad however that Mr. Fowler puts so clearly the point as to the mere fact of imports exceeding exports not being a bad thing, and not implying the consumption of our own capital, because if that implication were true we must long ago have consumed everything we had and be entirely bankrupt. This is so obvious, now that the excess of imports has been going on and steadily increasing for nearly half a century, that it is astonishing to find people still talking of the excess of imports in a way that might have been excusable when the thing was entirely novel. Now we know it is not an injurious thing, because the country goes on and prospers with it for generations. It may be added that even if the excess of imports did imply that we were withdrawing our capital from foreign countries, the further assumption that we were consuming our capital would not necessarily be true. The withdrawal might only mean that we were changing our investments; that we were investing more capital at home and withdrawing it from foreign countries for that purpose. We should not be consuming our capital unless it were found on balance that, putting home and foreign securities together, we were not adding to our investments. As we are certainly adding enormously every year to our investments at home, what people would have to prove to show that we were consuming our capital would be that the total withdrawals from foreign countries exceed the investments which are simultaneously being made at home, and no sort of proof of *this* proposition has ever been attempted.

"Mr. Pittar strengthened the remarks of Mr. Bateman as to the accuracy of the import and export returns, and, considering his

official position and responsibility for the returns themselves, no testimony could be more valuable. I quite agree with him also in his remark that we ought not to neglect new countries in our foreign trade, and I do not believe that in fact they are neglected, although our trade with the leading foreign nations may be the more important. There was great propriety also in the questions which he asked, first, as to whether there was not a set off in the foreign lines carrying British goods to the earnings which our own ships receive; and, second, as to whether allowance had been made for the coasting trade in my own estimates. As to the first of these questions, the answer is that in the method we have of dealing with our imports and exports, sufficient allowance is made for the earnings by foreign ships in carrying imports and exports into and from this country. In the paper of 1882 there is a note on p. 207 stating various cases as to an excess of imports or exports or the reverse arising in connection with carrying operations, and one of the cases there stated is this: 'A non-carrying nation, in the absence of borrowing or lending, ought to show in its accounts an equality between imports at the place of arrival and exports at the place of departure.' As far as goods carried in foreign ships are concerned, we are clearly a non-carrying nation, and the balance is accordingly as to such goods correctly struck by valuing imports at the place of arrival and exports at the place of departure. There is no set off then in this carrying by foreign ships to the earnings of our own mercantile fleet in the carrying trade of the world, including the conveyance of goods to and from the United Kingdom itself. With regard to the coasting trade, it is quite true that some deduction ought to be made from the general earnings of our mercantile fleet on account of that portion of the fleet which is engaged in the coasting trade. This point however I had in view both in my paper of 1882 and the present paper. The shipping employed in our coasting trade is however comparatively small, though it is not possible to state the amount exactly. The distinctions made in the shipping returns are three: shipping in the home trade, shipping partly in the home and partly in the foreign trade, and shipping in the foreign trade. The home trade in this definition is not merely the coasting trade, but includes trade with adjacent continental countries as well; but even the shipping thus engaged in what is called the home trade, while it is not all coasting, is of comparatively small amount. The deduction which is made in the paper from the figures which the statements would appear to show as the gross earnings of our fleet should be quite sufficient to cover these and other deductions, such as for expenditure in foreign ports, which ought to be made from the gross earnings of our ships in order to show the amount of these earnings receivable on home account. Points like this ought to be considered in using the figures, and should prevent us attempting to make any very exact estimate. It would not be possible however, unless in an elaborate research, to go minutely into them, and elaborate research is not really necessary to reach a conclusion on the main points.

"Mr. Bourne put the point which he also made in 1882 as to

a large portion of the receipts abroad being expended in the maintenance of our ships whilst there. I think however if he will refer both to my paper of 1882 and the present one he will find that this point is considered, as also his other point as to the earnings of our ships in trading between foreign countries or between the colonies and foreign countries.

"I appreciate very much the remarks of Mr. Birchenough. I hardly think that anything in the paper justifies him in saying that I spoke with 'somewhat light-hearted indifference' of the contingency of a decrease in our export trade; but that is almost the one point in his remarks to which I would take exception. The question is of the degree of importance we should attach to things, and I believe that although our foreign trade is most important, yet we must not speak of a decline in the foreign trade as a decline in our business generally. I agree especially with Mr. Birchenough in his suggestion that perhaps through the combined labour of a group of individuals they ought to be able to get at a closer knowledge of the element which went to make up those large excesses of imports over exports, and I hope the suggestion thus made will not be let slip by the younger members of the Society.

"I have to thank Mr. Courtney very especially for his kind and laudatory remarks. There is a point upon which we differ, as to the dependence of this country on the coal and iron trade. I do not attach quite the same importance as he does to the change which appears to be impending, and which, in fact, has already begun in the conditions of our coal and iron trade. But I agree with him altogether that the fact is a very important one, and gives rise for a great deal of consideration as to the future of this country. I agree with him generally also in the opinion that one effect of our receiving a large amount from foreign countries in payment of interest due to us must be to cause an increase of the *rentier* class in this country. The *rentier* class however must always exist quite apart from the question whether the interest is derived from foreign countries or not. Its existence depends upon the amount of capital held by a comparatively small number of individuals in a community as compared with the remainder. There may also be *rentier* classes of different kinds. Some may be more energetic than others, and instead of living upon their income, may use it very largely as a means of accumulation. So long as this is the case, the existence of a *rentier* class would not be very injurious to production; and there is reason to believe that a great deal of the interest received in this country both from foreign countries and from home investments is, in fact, devoted to accumulation, and not so much to personal expenditure. Generally however I agree very much with what Mr. Courtney said on this and other points.

"I desire, in conclusion, to express my thanks to the Assistant Secretary of the Society and his colleagues for the assistance they gave in the preparation of the tables, and also to my old colleagues at the Board of Trade for the abundant help which they also gave."

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