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WHAT WE RECEIVED

HOW OUR EXCESS OF EXPORTS HAS BEEN PAID FOR.

Not in Gold, but in the Cancellation of Debts Owed Abroad, Made Possible by a Tariff System Which Restricts Competitive Imports.

We have received a communication from Mr. W. Trueman of New Haven, Conn., which shows what an earnest consideration is being given to the tariff question by the thinking men of the country, says the American Economist. Mr. Trueman asks for information that will clear his mind upon a question that has perplexed for over a century innumerable minds seeking light upon a most important phase of international commerce. When men like Daniel Webster and Henry C. Carey can come to different conclusions regarding the same question it is not to be wondered at that the student's mind of today, in spite of the thorough elucidation of the subject which has been given by writers of the past century, should be confused and ask for light. Mr. Trueman in his letter says:

"On page 17 of pamphlet No. 75 it is stated that in five years we exported $3,000,000,000 worth more merchandise than we imported, and this is then called a 'favorable balance,' the inference being that this excess of merchandise sent away is paid for in gold."

Had Mr. Trueman read carefully a little further on the same page he would have found the following:

"We are changing under this trade balance from a debtor nation to a creditor nation, if indeed we have not already done so. We have an immense freight bill to pay annually, large interest disbursements and exchanges on account of tourists' expenses abroad, so that with much less than our favorable balance we would have to ship gold abroad in large quantities to pay our bill, as we have had to do in low tariff times."

In order to present the matter even more forcibly for our consideration Mr. Trueman draws up a table in which he shows that from Sept. 30, 1790, to June 30, 1901, the total excess of exports of all kinds, merchandise, gold and silver, amounted to $4,179,643,923, and then he asks the question:

"This shows that we have sent away over $4,000,000,000 wealth for which we have received no return so far as being paid for in gold goes, and what I want to ascertain for sure is what did we get."

While it will not be possible to tell Mr. Trueman and others who are seeking light upon this point the exact return which we received for this excess of exports amounting to over $4,000,000,000, yet it will be possible, we think, to show to our correspondent that we did receive an equivalent. We will not at this time confuse the matter by trying to point out that Mr. Trueman should distinguish between exports of merchandise and exports of gold. Let us see if we cannot by a homely illustration show that it may be possible to visibly pay out labor, merchandise and even money and receive no immediate visible return.

Let us take the farmer who has a considerable mortgage upon his farm, held by the city bank. He goes to market during the summer and fall with several loads of produce, amounting in value altogether, let us say, to $200. After selling his produce, which is the result of hard labor of himself and perhaps one or more hired men, he takes the money received to the bank. There he not only pays the annual interest on his debt, but he reduces his mortgage by, let us say, $150. Not only that, but during the summer his goodwife has taken in from the sale of milk and butter and cheese and perhaps a few vegetables and other products of the farm $50 more, which is in gold or in money that could be changed for gold at any bank. At the end of the season the farmer takes this $50 also to the bank and further reduces his mortgage. He takes nothing home, perhaps not even a receipt, for he knows that the transaction has been recorded to his credit on the books of the bank.

He repeats this work of the summer, perhaps some seasons with larger payments and some with smaller, till at the end of ten years he has not only paid his interest every year, but he finds that with the last payment he is able to wipe out the mortgage and free himself and farm from debt. All these years he has been taking to the city not only the produce which is the result of his labor and help, but he has been taking as well quantities of gold or its equivalent. He has been receiving nothing back; it has all been export and no import. But on his last trip, when he receives his mortgage and when he takes it to his home and in the presence of his wife and children holds it over the burning candle, then will Mr. Trueman, or any one else, tell us that he has not received an equivalent for his earnings and for the produce which he and his wife have been selling all these years? The farm is now free from incumbrance, and he is to reap its full benefits or can sell it if he so pleases, and from now on, instead of being a debtor as he goes to the city with his produce and gets his $50 or $150, he deposits it in the same bank and he is now a creditor.

The United States has been in the same position exactly as the wise and provident farmer. It is estimated that during and after the war of the rebellion two thousand million dollars' worth of United States bonds were sold to and possessed by Great Britain. It does not matter whether the sum was two billion or only half that sum, no one will dispute that it was a large amount. During the expansion of our country in later years and while railroads were being built with the proceeds of bonds and other securities these also were bought and possessed in large amounts by Great Britain and other countries. The exact amount cannot be known, but no one will question that the sum could be written in ten figures. It is not likely today that any considerable amount of those government bonds are held abroad, and it is known that from 50 to 75 per cent, perhaps even more, of the railroad securities have also been returned to this country.

It is easy to see, therefore, what has become of hundreds of millions, if not billions, of these excess exports of merchandise, gold and silver. But besides these enormous payments, which when returned to this country meant added wealth to the same extent as if they were gold itself, have been annual payments of interest and dividends all these years upon the bonds and securities held abroad. Not only this, but it must be known that while over 90 per cent of our freight is carried in foreign bottoms a large freight bill must annually accrue and be liquidated. This is estimated at the present time to be nearly, if not quite, $200,000,000.

We must consider, also, that the wealthy tourists who annually go to Great Britain and the continent spend immense sums of money in buying bills of exchange on foreign banks, which also must be charged against our excess of exports. The millionaire who rides in the first class railway trains of Europe, who puts up at the best hotels, who patronizes the highest priced theaters, who drinks the best of wines and eats the best of food and smokes the best of cigars, spending, say, at least a thousand dollars, which is no extravagant estimate, has nothing to show for this expenditure on his return home except the memory of having had a good time. There are also expenditures for clothing and dress and other things, a limited amount of which the tourist can bring back without paying duty. It is estimated that in years of prosperity, such as we have been enjoying since 1897, the tourists of America in this way spend from $75,000,000 to $100,000,000 a year in Europe and other foreign countries.

Besides these expenditures there are many thousands of people in the United States who send to the old country annually, and especially about Christmas time, small sums of money which they have earned in this country and which when it goes abroad returns no equivalent except the consciousness to the giver of having been good to those left behind in the old country.

It it of course impossible to estimate or calculate exactly the amounts of the above transactions, nor is it necessary that exact sums of money or of gold be used. Our international system of credits and bills of exchange is sufficient for the balancing of accounts. But of one thing we can assure Mr. Trueman and all who are perplexed over what we get in return for our excess exports, that were the excess one of imports instead of exports we should have to foot the bill. We have always been and we are yet a debtor nation, just as was the farmer till he had made the last payment on his mortgage, when with his next sale and deposit he became a creditor. We need only refer to the period of 1847, the commencement of the Walker tariff, to 1860, when our adverse balance of trade amounted to $360,000,000, and in return for these goods bought from abroad we sent back gold bullion to the value of $373,000,000. In the eight years ending with 1875 foreigners furnished us with goods in excess of those they took from us to the value of $630,000,000, and during the same eight years our exports of bullion in partial payment thereof were $465,000,000, the imports of bullion not turning in our favor until 1878. Since 1875 the balance of trade with the exception of three years has been in our favor, enabling us to buy back our bonds and our securities, as well as to pay the annual interest charges and disbursements, as has already been explained.

In spite, therefore, of the millions and billions of dollars' worth of merchandise and gold which we have been sending abroad we have been at the same time invisibly, but none the less surely, adding to our credit and to our wealth, and no less invisibly and no less surely has Great Britain during the last half century with her annual excess of imports, the sum of which amounts to many billions of dollars, been parting with her wealth, with her credit and with her capital.

Secure in the enormous accumulations of 300 years under the beneficence of protection, Great Britain has been able for half a century to buy more than she has sold and still continue more or less prosperous. Her public men are now awaking to the fact that a nation, no more than an individual, cannot year after year go on buying more than it sells without impairment of wealth and capital.

Mr. Trueman and others must not confuse the actual exchange of merchandise and money with the balance and credits which accrue and are carried along from year to year. Neither individuals nor corporations nor a collection of individuals and corporations known as a country part with anything without receiving something in return. The transaction must indicate either an obligation or credit to be subsequently liquidated in some way or else that an obligation or debt is being paid.

Williamsport & North Branch Railroad
TIME TABLE.
In effect Monday, Jan. 18th, 1904.

Read down — Read up

Flag stations where time is marked "f"

P. M.	P. M.	AM	PM	AM	A. M.	AM	STATIONS.	AM	A	PM	P. M.	PM	PM	PM	AM
10 15	12 50	......	4 20	5 20	10 22	7 51	Halls	9 45		4 00	10 08	4 50		1000	7 35
10 20	12 55	......	f4 23	5 25	f10 25	f7 53	Pennsdale	9 40		3 56	10 03	4 45		9 55	7 30
10 30	1 05	9 10	4 32	5 35	10 31	8 02	Hughesville	9 31	10 55	3 45	9 53	4 35	6 00	9 45	7 20
......	1 13	9 20	4 39	5 48	10 42	8 09	Picture Rocks	9 23	10 45	3 36	9 46	......	5 48	8 37	......
......		......	f4 43	......	......	f	Lyons Mills	......		3 31	9 42	......	......	8 32	......
......	1 19	......	4 45	......	......	f8 15	Chamouni	......		3 28	9 40	......	......	8 30	......
......	1 26	......	4 52	......	......	8 21	Glen Mawr	......		3 22	9 35	......	......	8 24	......
......		......	f5 00	......	......	f8 28	Strawbridge	......		3 13	9 28	......	......	8 15	......
......		......	[illegible]	......	......	f	BeechGlen	......		3 09	f 9 24	......	......	8 09	......
......	1 4[illegible]	......	[illegible]	......	......	8 34	Muncy Valley	......		3 07	9 22	......	......	8 07	......
......	1 5[illegible]	......	[illegible]	......	......	8 40	Sonestown	......		3 00	9 16	......	......	8 00	......
......	......	......	[illegible] 28	......	......	8 53	Nordmont	......		......	9 57	......	......	7 40	......
......	......	......	f5 43	......	......	f	Mokoma	......		......	f 8 41	......	......	7 24	......
......	......	......	5 45	......	......	9 10	Laporte	......		......	8 39	......	......	7 22	......
......	......	......	f5 58	......	......	f9 22	Ringdale	......		......	8 28	......	......	7 11	......
	......	......	f6 05	......	......	f9 28	Bernice Road	......		......	f 8 12	......	......	7 04	......
		......	6 09	......	......	9 32	Satterfield	......		......	8 17	......	......	7 00	......
	P. M.	PM	AM.	AM	A. M.			AM	A M	P. M	A. M.	P M		P M	

PM	AM		AM	PM
5 15	8 45	Sonestown	11 10	7 5[illegible]
	f9 00	Geyelin Park		
6 05	9 35	Eagles Mere	10 15	6 55
		Eagles Mere Park		

			6 20			9 47	Dushore				8 42			7 08	
			7 20			10 48	Towanda				7 50			6 15	
						12 10	Wilkes Barre							3 05	
4 30	4 00		12 29	10 00		7 30	Williamsport	6 50	10 21		12 41	5 38	5 38	10 31	

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