

75,000,000. Such a percentage of loss was phenomenal, and perhaps without precedent; and should a similar one occur in Russia or India, the result in suffering and loss of life would be appalling. Such a large percentage of loss in Russia or America would demoralize commerce.

In 1902, crop failure in Australia resulted in a heavy demand for wheat and flour on the Pacific coast, and large quantities of flour were even purchased in Minneapolis for Australia. The price of wheat on the Pacific coast was advanced until far out of line, relatively, with Liverpool. The effect of drouth is perhaps the most difficult of all damage to estimate. Early drouth and heat combined may cause a practical failure, as it did in Eastern Russia in 1906. Or, again, the effect may be overcome and a good crop raised, as was the case in Kansas in 1907. There was much cool weather in the spring of 1907, and no prolonged period of heat. When favorable weather finally came, the grain developed and grew better than seemed possible. And that is why the effect of drouth is difficult to estimate. For instance, farmers and grain dealers will say: "If rain does not come within three weeks, the crop will be ruined." In four weeks, no rain having fallen, they will say: "We will not raise three bushels to the acre." In five weeks the crop is gone, and the farmers are about to plough up their fields, or offer to sell the crop for a dollar an acre. Then it rains. The spindling stalks develop good heads but few leaves; and finally the crop is harvested and threshed. Then great is the surprise of everyone to learn that the wheat yielded 18 to 25 bushels per acre.

Rust, while not a climatic condition, becomes a factor in crop damage as the result of certain weather conditions. The countries that suffer most from rust damage are the United States, Canada, Hungary and Argentina; and, as rust is present every year, some crop deterioration every season is doubtless due to rust. Considerable damage every year is also due to smut. Hail as an agent of destruction is the most thorough of them all, chopping the head of grain to pieces, beating down the grain and leaving the fields looking as though a drove of cattle had passed through them. Fortunately, hail damage is always of a local nature; and, while a strip two or three miles in width by twenty in length may be destroyed, the total damage during a season is not of sufficient magnitude to affect prices. Hail insurance in the North-western States and Canada is now a recognized feature of the annual farming expense, and saves many a farmer from a heavy loss.

CANADA'S EQUIPMENT STAGE.

It is well-known that Canada's large borrowings in 1908-9 have had a profound effect on the position of the Canadian chartered banks. Time and again it has been pointed out that the heavy increase in loans and balances carried abroad has been chiefly due to the collection by our important banks of proceeds of bond and stock issues made in London by their Canadian customers—corporations, municipalities, Provincial Governments, and the Government of Canada. Quite probably the bulk of the investment of capital in the Dominion by outsiders in the last year and a half has taken the form of subscriptions to, or purchases of, security issues of this kind. An observant newspaper critic in New York City pointed out the other day that financiers in the great money centres were liable to make serious mistakes in their calculations as to the movements and migrations of investment capital from country to country, if they confined their attention too severely to the records of bank statements, of specie movements, and of tendencies in the exchange markets. Transfers of capital made in any of those ways come more directly under the notice of the financial classes, and it is not always remembered that very important shiftings may take place entirely independent of them, in a way so as to affect neither the foreign exchange markets, the specie holdings of the banks, nor their balances and loans abroad. Though the amount of Canadian bonds,

stocks, etc., floated in New York and other United States centres does not cut so very important a figure compared with the amount floated in London, it is nevertheless true that in the last few years the Dominion has drawn heavily upon the United States for capital.

For several years back the substantial farmers of the Western and North-Western States have been pouring investment capital into the Canadian West by many millions of dollars per year. Their investment in Canada has consisted to a certain extent of cash, and to a considerably larger extent, of live stock, household effects, machines and equipment, and, best of all, their own energy and brains. All of it represents a direct property gain by the Dominion. A large part of the acquisitions figure amongst the imports in our foreign trade statistics. The brains and energy, at the beginning, figure only as units of population, but afterwards they make their mark on the annual records of our grain and other agricultural production.

Then there are the United States manufacturing corporations, some of them very large and important, which have established branch plants within the Dominion. These are beginning to get very plentiful; their works are found at the various favorable points in almost every section of the country. It is only necessary to mention a few of the more notable. The American Harvester Company, American Locomotive Company, Pressed Steel Car Company, Plymouth Cordage Company, all these have works in Canada representing a large investment of capital; and there are a number of others. A great deal of this capital investment, perhaps the bulk of it, came across the boundary in the form of machinery and construction materials. It thus would figure in the same manner as the investment of the Western farmers figured, in our foreign trade as imports.

It will thus be seen that for an excess of imports, brought about in such manner as this Canada has reason to be thankful. As the Wall Street Journal remarks: "The Dominion is equipping herself as a manufacturing unit."

One well ascertained feature of the abnormally high tariff wall, with which our republican neighbors have surrounded themselves, is that it hampers United States manufacturers in their efforts to extend their foreign trade. It makes them pretty secure in their home market but stands seriously in their way when they want to sell goods to the rest of the world. Executive officials of more than one of the big industrial companies, which have lately erected plants in Canada, have acknowledged that they are able to compete in the world's markets much more advantageously with their Canadian plants than with their home plants in the United States.

For a number of years before Germany made much progress as a manufacturing nation it was noted that she figured prominently as a buyer of British machinery. After this development it was not long before the Germans appeared as formidable competitors of the British in the world's markets. Considering the circumstances already mentioned it is not at all unreasonable to expect that in the course of the next decade or two Canada will gain heavily on her neighbor in the matter of exports of manufactured articles, especially if the United States tariff is maintained at its present high level. There are circumstances also which point to our gaining in the matter of exports of agricultural products.

No doubt these considerations have presented themselves to the minds of our cousins also. In making their investments here it is the prospect of individual profits that has influenced them. Canada is getting to be acknowledged as a rapidly developing country; and capitalists abroad are showing themselves more eager every year to secure a share of the increment of value always to be had in places where development and advancement is rapid. By the exercise of foresight and skill in selecting investments which will benefit to the greatest extent from this steady increment, no doubt the foundations of some great Canadian fortunes are now being laid.

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