

on the cost of the fixed charges upon the enterprises arising from such borrowings. Of course, the present terribly disordered state of Russia must pass away before Paris and other continental money markets are restored to a normal condition. But in any event unless China intends to resent her bad treatment by the Western nations, it seems as if we may reasonably expect peace and great industrial development in that part of Asia which locks across to our own provinces and to those States in the American Union which have their shores on the Pacific Ocean. If so, we are reasonably certain that this bank will share largely in the trade which must come to both Canada and the United States. While the purchasing power of each individual of these Japanese and Chinese peoples may be very small—and that part of it which represents what is called foreign trade is certainly very trifling—still the aggregate, owing to the vast population, will be very large as soon as they are well enough off to buy such great staples as wheat, flour, timber, railroad supplies, etc., in any proportion to their desire to obtain these commodities.

Another great factor in the gradual restoration of the money markets to a normal condition is the rapidly increasing new gold supply. The addition in each year to the world's store of precious metals of about \$350,000,000 worth of gold and about \$100,000,000 worth, at present market prices, of silver, is large enough not only to steady the money markets in the course of time, but also to give great impetus to the efforts being made in some countries to escape from a mere paper basis, and in others which are on a silver basis to advance to a gold basis. We have entirely recovered from the decline in the volume of production caused by the South African war; indeed, the output of \$350,000,000 for 1904 means an increase in the annual production of \$150,000,000 in nine years, so that we may soon be able to say that the world has doubled its annual new supply of gold in twelve or fifteen years.

#### GROWTH OF CANADA'S TRADE AND A CAUTION.

Mr. Walker pointed out that,

"It is well to notice we imported less from Great Britain in the year under review than in the previous year, while our imports from the United States were nearly \$11,000,000 greater. Of our imports iron and steel in all forms, including rails, account for nearly \$40,000,000. This gives a concrete illustration of what it would be worth to Canada to make these articles entirely, or as nearly as possible, in our own country."

The Clearing House returns for 1905, which we give in full in this issue, were quoted as evidence of growth in the internal trade of Canada. In 1904 the total of the operations of eleven clearing houses was \$2,735,744,235. For 1905 the total is \$3,336,602,170. Mr. Walker hoisted a danger signal suggested by the decrease of exports and increase of imports. We had \$10,000,000 less to pay with by exchanging commodities, and yet we bought \$7,500,000 more than for the previous year, thus widening the unfavourable balance between exports and imports to \$53,500,000. From 1895 to 1901 inclusive, but deducting the small contra balance of 1899, the excess of exports over imports was \$51,

000,000. This has been followed by an excess of imports over exports from 1902 to 1905 inclusive but practically for only three years, of \$125,000,000. As we said a year ago, we are spending money in public and private improvements, looking to the future for a return, but do not let us overlook the fact that we are putting a heavy mortgage on the future.

References brief but graphic were made to the Maritime Provinces and the Newfoundland question. Mr. Walker speaks out plainly against Canada giving American fishing vessels such privileges as enable them to undersell us in their markets. In this as in other passages Mr. Walker speaks with a clear-headed and clear-sighted patriotism which appeals to every Canadian. Canada and Newfoundland together own magnificent fishing areas, large enough to influence greatly the fish markets of the world. As the various countries of the world increase in wealth and purchasing power, the demand for fish, cured in one form or another, must steadily increase. The prosperity of our Atlantic and Pacific provinces depends virtually on the permanence and increased volume of our fisheries. Why should we hesitate to take every step necessary to protect and develop such a national asset? Indeed, it is most pleasant to see that the Department of Marine and Fisheries under the late Minister, has been exhibiting considerable energy in this direction.

#### IRON AND STEEL WORKS AT SYDNEY.

The most gratifying and important industrial fact of the time was declared to be "the further improvements in the conditions surrounding the manufacture of iron and steel, and particularly the beginning of the manufacture of rails, the excellent quality of which seems to have been demonstrated at once." At a later point in his address Mr. Walker said:

"One of the specially noticeable features is the resumption, on a more stable basis, of the manufacture of steel rails at Sault Ste. Marie."

The Province of Ontario was stated to have been generally prosperous last year. Crops on the whole were large and prices satisfactory. The exports of cheese and butter were valued at \$25,426,000, which exceeds the average of 3 previous years by over one million dollars. Cattle shipments were less satisfactory, but, said Mr. Walker:

"The general results of all farming industry in Ontario is shown by larger purchases, and by payments on mortgages, implement notes, and other debts, indicating a most healthy and prosperous condition."

#### COBALT MINES.

While the extent of the silver-nickel Cobalt ores was said to be not yet fully known, yet it may safely be said that several million dollars worth of ore will be taken. Mr. Walker thinks a mining and mining stock boom probable at Cobalt, which movement he hopes will not be encouraged.