

to the economic activity of the country, while bringing great volumes of trade and prosperity to the older sections of the country where manufactures of various kinds had been established.

Such was the period of exceptional expansion which continued during the decade closing the year before the outbreak of the great war. A few observations on the special effect of such a period of expansion on a half-matured country such as Canada may be necessary in order that one may appreciate the changes wrought by the war conditions.

In the first place, the absorption of so much of the incoming population and wealth of the country in the building of railroads and urban centers, prevented hundreds of thousands of people from going on the land or engaging in any immediately productive enterprises. The fact that so much of the capital and energy of the country was being employed in the production of forms of wealth which, however attractive and desirable in themselves, yet represented no available products to meet popular needs for the immediate present or future, greatly affected not only the imports and exports of the country but had an important bearing upon the prices of the standard articles of consumption. In all cases the millions of capital which were absorbed in the construction of great public works, such as railways, and the building of towns and cities, were expended very rapidly, while the services to be rendered by these, even assuming that they might in time amply repay the outlay, would return very slowly. In any case, only a few of the mercantile establishments in the expanding towns and cities made any pretense of immediately replacing the capital invested in them.

This being so, what we find is that during such a period of expansion there must be but few exports to meet or replace the imports, which are stimulated by the expenditure of scores of millions of borrowed capital.