

THE BANK OF MONTREAL - Continued.

TRADE OF CANADA.

The returns of the foreign trade of Canada are not unsatisfactory. Imports are falling off, in consequence of the monetary situation and the curtailment of foreign loans. In October the value of imports of merchandise was \$8,664,000 less than in the corresponding month in 1912, while for the seven months ending October, the value of imports was only \$4,300,000 in excess of last year. On the other hand, the export trade is expanding, the value of domestic products exported in October having been \$23,360,000 in excess of the same month a year ago, and the exports for the seven months, \$49,330,000 greater than in 1912. The aggregate foreign trade of Canada for the seven months ending with October was \$636,094,000 as against \$582,444,000 a year ago, showing a gain of \$53,650,000, and in this period the excess of imports over domestic exports has been cut down from \$190,000,000 to \$145,000,000. This trend of foreign trade is likely to continue for some time. The balance of foreign trade, as you are aware, has been heavily against Canada during the past decade. In the last six fiscal years, imports exceeded exports in value by \$850,000,000, and this considerable gap has been made, in certain quarters, the subject of adverse criticism of the country. It is to be borne in mind, however, that in this period, Canada has obtained immense sums of money from Great Britain for development purposes of various kinds, which money has been imported largely in the form of merchandise paid for out of the proceeds of long-term loans. Now, while these loans must ultimately be liquidated from the earning power of this expenditure, I may point out that meanwhile, only the interest charge has to be met; in other words, the excess of imports representative of the proceeds of long-term borrowing has to be balanced only to the extent of the interest on the loans. This is not, indeed, the whole conclusion of the many-sided subject, into which a variety of considerations enter. We cannot, moreover, expect to go on widening the gap between imports and exports indefinitely. Our annual interest charge on British and foreign loans is already a formidable item, to be provided either by exports or new borrowings. While monetary conditions abroad remain as at present, the stream of fresh capital will run less freely towards Canada.

The recent reduction in the tariff of the United States can hardly fail to enlarge the markets of that country to Canadian products. Many agricultural items such as eggs, milk, live stock, are now on the American free list; so are lumber, timber, fish, meats, coal, and many manufactured articles made in Canada. Already the movement of these articles to our neighbour's markets in increased volume has begun, some advance in prices has resulted therefrom, and there appears no reason to doubt that our sales to the United States will augment in future.

Immigration returns have continued to be of a highly satisfactory character, both in regard to number and desirability. The figures for the year ending 30th September, 1913, reached a total of 436,050 souls, of whom 122,230 were from the United States and the remainder from European countries, principally Great Britain.

The value of the field crops in Canada this year at present prices is estimated at \$500,000,000, or approximately the value of the crop of the preceding year.

LEGITIMATE TRADE GOOD.

In view of the foregoing, it is not surprising to find that legitimate business generally in Canada continues to be in a satisfactory condition. There are no signs of trade depression, though a slowing down in many branches of trade is in evidence, and there is a disposition to confine commitments to actual requirements. More economy is being exercised than has been the case for some time past. The flow of money which came in great volumes in the past few years from the British Islands and abroad, both for investment and for speculative purposes, and created a somewhat unhealthy expansion, has met with a check. It had much to do with the outbreak of land speculation in the West, which, owing in a measure to a wise precaution of the Bank Act, was limited to individuals and has not affected the country generally in an adverse manner to any appreciable extent. Advantage was unfor-

tunately taken of the ease with which money could be obtained and of the popularity of Canadian securities in Great Britain by certain individuals on both sides of the Atlantic to exploit the London market with securities of a doubtful nature, to their own advantage, and some of these enterprises, owing to over capitalization or incompetent management or both, have met with disaster, causing suspicion to be cast on many undertakings of a thoroughly sound character seeking capital. There has been a collapse of the land speculation in the West of which I have spoken. Municipal expenditure has been restricted to actual necessities and with due regard to the ability of the municipality to find a market for its securities. In this connection, it may be noted that the American market has relieved the situation in London and in Canada by purchasing, in the first ten months of the year, a sum of no less than \$29,000,000 of our municipal, industrial, corporation and public utility bonds, without taking into consideration an amount difficult to estimate sold through Canadian brokers.

PROVINCE OF ONTARIO.

Viewing the country by sections, in the Province of Ontario the year, as a whole, may be said to have been satisfactory. Crops have been a full average and the farmers prosperous.

Manufacturing industries in general have had a fair year and a considerable amount of American capital is coming into the province. The rural population, unfortunately, continues to slowly decrease, while among the cities, Toronto with a present estimated population of 485,000, shows an estimated increase of 63,000 souls.

PROVINCE OF QUEBEC.

General conditions throughout the province have been good. Crops have been up to average. Hay, the chief crop, turned out better than at first anticipated, and other crops have been satisfactory both as to quantity and price. Among manufacturing industries, the cotton industry has had a good year. Other manufacturers have hardly done so well. The year has been a good one for lumber, both as regards demand and price, and it is anticipated that the recent removal of the United States duty should further increase the profits of the business. It is thought not unlikely that one result of the removal of the duty will be to give a further impetus to the increasing proportion of lumber shipped to the United States instead of Great Britain and Europe. Pulpwood and paper shipments have been large both from Canada and Newfoundland. With regard to this industry, it would be well that care be exercised in order that production may not exceed the demand.

MARITIME PROVINCES.

General conditions throughout the Maritime Provinces for the past year have been uniformly satisfactory. The farmers have had a favourable year and all crops, apart from fruit, have been above the average. The fishing has been good, with higher prices, and the lumber cut was fair, and prices, on the whole, satisfactory. The output of the coal mines has exceeded all previous records; and the tonnage of pig iron produced was 25 per cent. greater than last year. Manufacturing industries generally have had an output up to the average. Railway building has not been extensive, but large sums are to be expended in providing terminals at St. John and Halifax for the Inter-colonial Railway and in establishing a car ferry with Prince Edward Island.

In Newfoundland the high prices obtained for fish have induced a period of prosperity. The building of branch lines of railway, the development of the mining of iron ore at Belle Isle, and the growth of the pulp and paper industry have all improved conditions.

NORTH-WEST PROVINCES.

Although business affairs are rapidly becoming more diversified, the production of wheat and other cereals is, of course, first in importance. The crop this year has been larger in quantity and better in quality than ever before, but the price at present is somewhat lower than at the