

THE ROYAL BANK OF CANADA--Continued.

A good example of the agricultural possibilities of this country is afforded by comparison with Argentina. With a population about equal to ours and an agricultural area under cultivation slightly greater (55,000,000 acres against our 50,000,000), the balance of trade for the nine months ended September 30th last was \$254,096,000, in her favor. Her exports consist chiefly of wheat, corn and animal products. Her mineral and lumber products are of so little importance that no statistics are published. Canada's possible farm lands are vastly greater than Argentina's.

Having turned from a debtor to a creditor nation under the force of urgent necessity, we should strive to make the turning permanent. We now know that we possess the essentials. The question is one of maintaining and increasing our exports by increasing production and curtailing imports by economy in consumption. The Federal Economic Commission appointed to study these and kindred questions should receive every possible assistance.

Our defect in the past has been the spending of borrowed capital too freely in unproductive works. It would be interesting to know how much of our foreign debt is so represented, and how much by capitalized interest. The exigencies of the war may render it difficult to renew our maturing obligations in England. Now that the country's equipment for production and distribution is excellent, we should refrain from railway and other large construction work until we can make the present investment profitable. After three years of liquidation and readjustment, our economic condition is basically sound, and we should try to keep it so.

The Government is to be congratulated on the success of the \$50,000,000 war loan. The response by the public with applications of over \$100,000,000 is significant of our prosperous condition. The applications of the clients of this Bank, together with the Bank's own application, exceeded \$11,500,000, or over one-tenth of the total issue.

We have subjoined a summary of reports from our Supervisors and Managers, which will be published in the press.

BRITISH COLUMBIA.

The arresting of the inflow of capital caused by the war was felt more keenly in British Columbia than elsewhere in Canada, and in 1915 the depression of the previous year became more pronounced. Feeling is now more hopeful and a steady moderate improvement is looked for. The large surplus of labor which was felt early in the year has disappeared, and economy is general.

Real estate has suffered the most during the depression, the purchasing demand having almost entirely disappeared.

Agricultural conditions have been favorable, with a marked increase in the area of grains under cultivation and in the consequent yield. In most cases prices were slightly better than in the previous year. The fruit crop, though not as heavy as in 1914, was marketed to much better advantage in all respects. Live stock is on the increase, with a good local demand.

The net result of the fisheries was better than expected, the poor catch on the Fraser River being more than offset by improvement on the northern rivers. A very satisfactory development has taken place in the halibut fisheries, due to the opening of railway connection into Prince Rupert.

Lumber conditions were unsatisfactory and prices low until late in the year, but the last two months have seen a distinct improvement in demand and price, particularly from the United States. Important orders have been obtained from the British Admiralty. Exports of lumber for the nine months ended September 30th were 50,408,000 feet, as compared with only 29,516,000 feet for the same period last year and only the lack of adequate shipping facilities prevented the further offsetting of the decline in the home demand.

Mineral products have been well up to normal, while market prices for most metals have been higher. The output of coal shows a decrease of about 13 per cent. as compared with 1914.

MIDDLE WEST PROVINCES.

Conditions throughout the Middle West show a very material improvement during the year, due almost entirely to the remarkable crops harvested. The Grain Growers' Guide estimates the 1915 crop as follows, in comparison with 1914:

	1914. Bushels.	1915. Bushels.
Wheat	140,031,000	341,500,000
Oats	162,460,000	330,100,000
Barley	22,690,000	62,700,000
Flax	4,000,000	7,700,000
	329,181,000	742,000,000

The value of the above 1915 crop to the farmers is estimated at \$476,000,000.

On account of unfavorable weather last fall, and the immense amount of grain to be threshed, ploughing operations were considerably delayed. The total acreage under grain in 1916 will, therefore, be appreciably less than in 1915.

As a result of the abundant harvest, farmers are cleaning up their current liabilities and making substantial reductions in mortgage loans, avoiding at the same time the assumption of unnecessary commitments.

Real estate speculation is dead, but its unfortunate effects will continue to be felt for some time to come.

ONTARIO.

Agricultural conditions in Ontario were probably never so favorable as during the past year. The area under wheat was 811,000 acres against 684,000 in the preceding year, and the yield was 30.5 bushels per acre as compared with 20.9 bushels the previous year. Barley, with a smaller acreage in 1915, showed a heavier yield per acre and a total crop in excess of 1914. The apple crop was short; hay fair. Cheese brought record prices.

Lumbering operations have been less extensive than for some years past, and operators have not yet sufficient confidence to take out large stocks of logs. A shortage of men has brought wages from the low level of last year quite up to the average.

The total mineral production for the nine months ended September 30th last was valued at \$26,571,428, rather less than in 1914. The production of gold for that period increased \$1,884,993, making a total of \$5,826,941. Silver fell off to the extent of over \$2,000,000, but should be stimulated by the recent increase in price. Nickel products were \$5,396,536 for the nine months, an increase of \$1,345,980. Copper production amounted to \$2,024,658, an increase of \$359,762. Pig iron decreased \$1,933,037. The demand for certain metals for war purposes has benefited the mining industry materially, practically offsetting the decrease in silver, etc.

The recovery in manufacturing has been most remarkable. Every advantage is being taken of war requirements, and plants generally are running to full capacity.

Building permits issued during 1915 in twelve of the principal centres in Ontario total about one-third of those issued in 1914.

QUEBEC.

The past year proved most profitable for farmers and dairymen. Crops were above the average. Cheese commanded the highest prices ever known to the trade, and eggs and butter maintained a very high level throughout the year. Exports of cheese from the Port of Montreal were 1,854,000 boxes, as compared with 1,483,000 in 1914 and of butter 53,420 packages, against 7,228 for the previous year.

Plants capable of manufacturing munitions were very active throughout the year, and clothing and similar industries were also kept busy on war orders. Concerns not participating in such orders have benefited indirectly to some extent.

The value of new buildings in Montreal shows a decrease of nearly 50 per cent. for the year. There was only a slight decline in the City of Quebec.

Lumber interests shared the poor results experienced by this industry in the west, owing to the light demand from local markets and the United States, and the scarcity of shipping facilities for exports.

MARITIME PROVINCES.

Conditions in the Maritime Provinces have been generally satisfactory throughout the year. Wholesale dealers are optimistic, and retailers as a rule have experienced an excellent year's business. The large demand for steel was a boon to these provinces, and war orders generally resulted in considerable prosperity.

(Continued on following pages).