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Retrospect and Prospect

By FRED. W. FIELD

WAR has brought prosperity to Canada because Mars is the dominating customer, ordering in record quantities everything we have to sell. Exhorting us to increase capacity to fill larger orders, he is requiring also that we help finance his purchases. Had Canada been able to borrow abroad in war time, as in former years, it would have sought substantial sums. The closing of the British money markets in 1914 to applications for capital, except for war purposes, turned our borrowing to New York. There we raised substantial sums until that market was closed in April last. We must depend now upon our own financial strength and resources to carry on the nation's affairs, our share of the war, and the financing of British purchases here, which are the pivot of our prosperity to-day.

War conditions have given a realization of what we can do. We know something of our investment power which hitherto we thought did not exist. We know more of the possibilities of factory and agricultural production. We know that the national muscles have successfully passed a severe test. We have much to learn, however, as to economy in production, general organization, marketing at home and abroad, and so on.

In international finance, the Dominion has cut a figure, even though small. Previously its presence in that arena was with cap, and prospectus, in hand. Then it was borrowing abroad hundreds of millions annually. Running up an adverse trade balance, we regarded apprehensively a national debt of less than \$400,000,000. To-day, borrowings abroad have been reduced to a minimum. Our four war loans aggregating \$450,000,000 were subscribed to the extent of \$982,000,000. Credits of more than \$400,000,000 have been advanced for British purchases here. At Ottawa, \$1,000,000,000 of bullion has been handled since the war commenced. There the Bank of England has a gold depository. There also is one of the largest refineries in the world. We have issued over \$100,000,000 of Dominion bonds to fund temporary in-

debtedness in England. These bonds were used as the basis of Imperial banking credits in the United States and Canada from which payments were made on this side of the Atlantic. Canadian securities have been used by the British government as part of the collateral for their large loans. After the war, Canadian investors will take an increasing share of their own securities.

It is important that we should fully realize that the nation's industrial and agricultural activities and prosperity at present depend almost entirely on war orders. To the end of 1917, the value of such orders placed in Canada by the Canadian, British and Allied governments was not less than \$1,800,000,000. They include shells, flour, blankets, wheat, cheese, butter, meats, oats, canned salmon, fish, ships, all the thousand and one things required for war.

Since the outbreak of war, the Imperial Munitions Board has placed in Canada, on behalf of Great Britain, orders for \$925,000,000 of munitions. The orders placed last year alone were valued at \$263,000,000. Arrangements were made by the Dominion government in the fall to advance \$25,000,000 monthly for munitions to the end of 1917. Thus, to date, we have received orders through the Imperial Munitions Board valued at \$1,000,000,000 for shells, fixed ammunition, etc.

Our prosperous conditions cannot continue unless we save and invest every dollar possible in war loans. The loans may then be used to establish the credits which Britain needs in order to continue to make her large purchases in this country. Canada's prosperity and activities depend almost entirely upon the extent of our ability to save and invest in the war loans.

War orders are waiting for us in large volume if we can arrange to finance them. If not, the orders will have to go elsewhere, probably to our nearest neighbor, who is doing everything possible, not only to win the war, but also to supply Britain with all she needs, at the same time keeping American prosperity at its record height.