

financial markets preceded the war. By March, 1914, we had brought our debit balance in foreign trade down from 300 millions to about 170 millions, and in a few months the war came, acting as a much more violent adjuster than a mere period of ordinary business contraction.

Imports must now fall very much, some exports also, but in many articles exports will increase in volume and value, while new exports in war material will be of great assistance. Our war expenditure is all arranged in England, and since much of the money is spent in this country the effect is the same as in the case of any other sale of securities. The outstanding fact, however, is that, whatever our deficiency may be in each year, we have always paid it by selling securities almost entirely in Great Britain. Since the war began, and doubtless as long as it lasts, this market is and will be almost completely closed to us.

It was this fact which made the prospect so very serious for Canada during the first few months of the war. If we could not sell any securities, how could we pay our way internationally? Should we have to declare a general moratorium and thus ruin our fine credit for the moment? Our international debtor in the end always meant the United States. It was the excess of our purchases from them over their purchases from us that gave us anxiety. They were really the people who should buy our securities, and not Great Britain. Would they do so? Well, happily, this new market for our securities is growing satisfactorily, and with all the other favourable features I have mentioned we can see our way, provided there is no slackening in our determination as individuals to do everything, whether disagreeable or not, which is necessary to lessen our debts to outsiders.

Every dollar's worth of merchandise imported which could be made at home, or which could be avoided as an expenditure altogether, is a sin against Canada at this moment. We cannot live precisely by such a severe principle, but so far as we do we are helping to win the great battle. Every extra dollar's worth of produce raised on every farm or plot of ground,