

selling the bill of exchange in New York. For this bill he could only obtain a credit in the New York clearing house, and how could he pay the Canadian farmer for his grain with this? But the measures of relief set in force by Great Britain and by Canada, the ending of the British moratorium, the partial resumption of operations by stock and merchandise exchanges, and more than all, the conviction that Great Britain is still mistress of the seas, with its effect on war insurance rates, have gradually made a considerable volume of business possible.

The intricate machinery for the world's credit which I have described had been smashed almost completely, and among the great acts of statesmanship to be recorded in history will be placed in letters of gold the wonderful steps so promptly taken to re-establish that machinery at least between the neutral nations of the world.

Meantime the shadow of the greatest war in the history of the world hangs over us, and we can only with much difficulty turn our minds from it to those ordinary features of life which must be encountered whether we wish or not. How do we in Canada carry on our affairs despite the war? That country is best able to stand the effects of war, whether it be a belligerent or only a neutral country indirectly affected, which is what we may call self-contained. Mexico in the days of Diaz was self-contained. Its exports exceeded its imports, and it had very little public debt. But it was a very backward country and had not the disposition to incur debt in order to enable enterprise to progress. Canada has been the very reverse. We have been so eager to plan for the future that when the fiscal year of the Dominion ended in March, 1913, we found that we had bought abroad 300 millions of dollars worth of goods more than we had sold, and in addition we had about 125 millions to pay for interest on money borrowed to pay previous deficiencies of a like kind. We were able to meet this as usual by selling securities in Great Britain, but a world wide contraction was setting in and clearly the expansion of Canada had reached its limit for the moment. It is indeed fortunate for the world that a period of fierce contraction in all