less liable to be stampeded. They know that, in the case of many of their loans, consideration or leniency can quite safely be given in such times. When a rise has been in process for a long time and prices are grossly inflated, then is the time they are merciless in exacting margins—and quite rightly, for nobody can tell how swiftly or how far market prices will fall. But, when prices have declined for months, when everybody pretty much is agreed that market quotations express only real values, or less than real values, then the bank loan is not greatly endangered when some special unexpected circumstances come along to temporarily depress the quotations to a point where the margins show less than the usual percentage.

OUR BALANCE OF TRADE.

What Rudyard Kipling said last week regarding national literature applies in some measure to national prosperity as well—its existence is not dependent solely "upon square mileage and exports." Indeed, those who pronounce the balance-of-trade shibboleth as did the old-time mercantilists, must find Canada in a sorry plight at present. The excess of gross imports over gross exports is assuredly large, being no less than 37.31 p.c. for the twelve months ending June 30, 1907. And while the increase in gross imports over the preceding twelve months was 20.46 p.c., exports show only the meagre increment of 0.62 p.c. That the latter showing is so far below that for the twelve months previous is probably due in some measure to the slowness in moving the Western crop of last season, and to later shipping difficulties arising from strikes and other causes. But aside from such considerations, the fact is patent that recent months have brought an expansion in import trade that has greatly outdistanced the growth in exports. It is, however, to be noted in this connection that trade figures for the six months ending September 30, show that the increase in the export showing of August and September, over the two corresponding months of 1906, counterbalances by over three million dollars the decreases of the four previous months.

Owing to the recent change made in the fiscal year of the Dominion, detailed Trade and Navigation Tables are obtainable only for the nine months ending March 31, 1907—the aggregate figures for the twelve months ending June 30, being obtained from unrevised tables issued by the Department of Trade and Commerce. Considering the nine months, it is found that, as in recent years, Great Britain took the largest share of our exports, the United States supplying the greatest proportion of imports. The quantities were as follows for the various countries mentioned—the imports being those entered for consumption only:

	Exports to	Imports from
Great Britain	$105,135,801	$64,581,379
United States	79,021,4×0	155,943,02
France	1,409,572	6,699,412
Germany	1,066,605	5,474,908
Spain	48,315	886.154
Portugal	154,438	128,084
Italy	352,842	454,505
Holland	814,977	1,001,990
Belgium	1.857,958	1,695,179
Newfoundland	2,244,469	1,463,731
West Indies	3,527,153	3,406,723
South America	3,584,329	5,229,818
China and Japan	890,425	2,110,719
Switzerland	....	1,604,692
Australia	1,998,968	....
Other countries	3,169,865	6,574,479
Total	$205,277,197	$257,254,882

So much for the facts and figures, which for the twelve months ending June may be recapitulated as follows:

	1905-6	1906-7
Total exports	$256,586,630	$258,171,674
Total imports	294,286,015	354,430,433
Duty collected	46,671,101	53,006,546

In round figures, therefore, the foreign trade of 1906-7 was greater than that of 1905-6, which was a record year, by $1,500,000 in exports, by $60,000,000 in imports and by $6,300,000 in the amount of customs taxes collected.

That a balance of trade for or against a country is in itself no determinant of prosperity or the reverse seems evident from the fact, pointed out some time since by Prof. A. W. Flux, in the Journal of the Canadian Bankers Association, that not only Great Britain but every European country except Russia, Austria-Hungary, Bulgaria, Servia, Roumania—and by a very small margin France—shows an excess of imports.

So far as Canada itself is concerned, it has of late years entered upon a phenomenal, but essentially legitimate period of development, the material means for which must necessarily come largely from the outside. This affects the balance in a twofold way. The domestic demand is so great as to use up a large proportion of products that would, under conditions of less active development, be available for export. And the demand for those articles which we must obtain from abroad is also very much increased. Especially is this so in regard to machinery and equipment for the construction of railroads, the development of mines and the establishment of various manufacturing industries. We have needed—and needed without further delay—not only all the equipment for developing natural resources which the country could itself supply or purchase with other products, but we have required much beyond that. And it has been obtained by what is practically a borrowing from abroad. "We do not need," as Prof. Flux well puts it, "merely to borrow money or to procure credit, we need the material resources which the