

that we may make. We are improving our exports of butter, although we are far from taking the important position in this trade which seems within our power. We apparently send Great Britain more than 60 per cent. of the cheese she imports, but only about \$2,000,000 worth of butter out of imports amounting to \$85,000,000 or thereabouts, a trifling proportion of less than 2½ per cent.

On the whole, it is impossible to resist the conclusion that the farmers throughout Canada have had one of the best years for a long time, and have a prospect ahead of them for the next year which has perhaps never been better. They have been paying remarkably well for all debts such as store accounts, implement notes, and interest on mortgages. They have in numerous cases either paid mortgages off entirely, or have made large reductions, in many of the latter cases demanding a reduction in the rate of interest in consequence. Those who were not in debt have largely increased their savings, much of which is reflected in the increased deposits in banks. They have certainly become good buyers again from the implement companies, but whether from the shopkeepers is not so clear. With another prosperous season, however, we cannot doubt that the farmers generally will be able to spend money more freely than for some years.

LUMBER.

This has been another year in which while in certain aspects the lumber trade has been quite satisfactory, in others it has continued unsatisfactory. The British buyers, as in several recent years, purchased last autumn the cut of deals for the ensuing summer from the leading manufacturers in Ottawa and adjacent points. In consequence of these ready sales, the range in quality of deals now embraces grades low enough to make further movement in that direction of doubtful wisdom for the present. The British market has lately had, perhaps, a less strong tone than is desirable, but as the cut this year will be considerably smaller than was expected, this may ensure the maintenance of good prices. The prominent manufacturers, who have enjoyed for some years a good market in deals and thin lumber, are gradually widening the proportion of their entire cut intended for Great Britain and seem determined to make a market for some of their product in a less raw state than sawn lumber. From every point of view this is desirable, and particularly so, as long as we have to look to the United States for a market for such a large percentage of the cut of each mill. But whether our lumbermen look to the United States for the disposal of only a portion or of practically all of their manufacture, their disappointment may be understood when the Dingley Tariff Bill announced that logs were to enter the United States free, but that lumber must pay \$2 per thousand feet, board measure. Subject to this duty there would doubtless have been a large business done in Canadian lumber, both in the eastern and western states, together with the considerable improvement which we have had in the home market, owing to the general revival in business. But the war has sadly marred the outlook by seriously diminishing the volume of trade in the Eastern States, and, doubtless, somewhat in the West, although the business there is still much better than in recent years. It is to be hoped that the action of the Ontario Government in enforcing the manufacture into lumber in Canada of logs cut from Crown lands, will cause our friends in the United States to see that there is an effective answer to their selfish policy of free logs, and high tariff lumber. With the better feeling between the two countries, and the improved state of the lumber industry in the United States, may we not hope for the removal of all restrictions in this particular trade, in which there is no room for real difference, if the true interest of each country, taken as a whole, is to govern, instead of the interests of a few individuals?

STATE OF TRADE.

The past year was evidently the last of the series of the lean years through which we have been called upon to pass. At the beginning of it there were features sufficiently bright to enable one to foresee an improvement, but there were also many unsatisfactory elements, especially in the United States. The passage of the Dingley tariff bill with certain sections not only most illiberal, but unfriendly to this country, was keenly felt, and although, with the rising tide of general prosperity, we have for the moment almost lost sight of these points, they still remain a serious menace to our lumber and pulp industries. It has also been a very unsatisfactory year to those who are interested, and most of us are, whether we realize it or not, in the financial condition of the United States. The President, in a message, tried once more to arouse the people to the fact that currency reform was the most grave and pressing question before the nation. The monetary conference established at Indianapolis brought in a set of recommendations which have at least the merit of being the best that have thus far been made. The Secretary of the Treasury has laid plans of currency reform before the public, and the Committee on Banking and Currency have also, through Mr. McCleary, given birth to a plan. Nothing has, however, been actually accomplished. Except in the face of a panic, or in a campaign against a political party whose platform is national ruin, the people do not rise to such a question of national morals, but are more interested in the woes of other countries. It is an old axiom that in time of peace nations should repair their fortifications and replenish their war chests. In other words repair the breaches made by war in both the system of defence and the financial system. For a third of a century the United States has been at peace, and even the possibility of war with Spain distinctly before them did not spur them into action. The war is now a miserable reality, certain to cost many hundreds of millions of dollars, and even if the half-lead free-silver party is not stirred into dangerous activity, reform will surely not be as easy as it would have been a year or two ago. Russia has achieved the gold basis. The feeble South American republics, one after the other, are getting upon a gold basis. No great nation is now upon a silver basis. Why has not the United States the moral strength to say that it will no longer pander either to silver miners or to idolators of the sacred greenback, but that it will declare for gold, alone, and abandoning forever the business of banking, make it possible for the banks of that great country to adequately serve the long suffering manufacturers, merchants, and dealers in raw products?

Canadian bankers, having large interests in the United States, as well as the bankers in that country, naturally feared somewhat the effect of a war with Spain, but thus far values of all kinds have not been adversely affected in any considerable degree. The very great prosperity owing to high prices for all farm products, the enormous increase in exports, and consequent large balances coming to the United States, have obscured, and to some extent prevented the natural results of war on commerce. There is no doubt, however, that in the East many find opportunities for business, which were just opening out, were closed by the war, and the scope of other operations seriously lessened. The timidity of capital in the first few weeks of the war was very marked indeed. The effect of the war in this respect touches Canada more in the matter of lumber than in anything else, but this has been referred to already. In Canada almost all manufacturers are increasing the output, and are doing well. Among those who enjoy a good export trade the increase in some cases is so great as to suggest possibility in volume beyond anything which has thus far seemed within the reach of this country. The increase in the quantity and value of our exports is, however, mainly caused, of course, by our raw products with the added factor of good prices. It is a comfortable state of affairs for this young country to have exports in excess