In the same way the trade balances of countries which borrow capital from other lands are affected by the produce they import in respect of the capital they borrow, and by the export of produce for the payment of interest. A country beginning to borrow from other lands imports a larger amount of produce than it exports. When the interest payments of a borrowing country amount to large figures its exports appreciably exceed its imports even in years in which it borrows freely.

III.—Effect of Capital Investments Upon Trade.

The effect of capital investments by one country in other lands is an exceedingly interesting inquiry. A loan of capital means that the lending country concedes a portion of its purchasing or consuming power to the borrowing country, and that the latter's purchasing or consuming power is increased to a corresponding extent. Imports of capital usually bring a period of active trade, although sometimes it happens that capital is borrowed to tide over a calamity, in which event the purchasing and consuming power of the nation suffering from disaster is maintained by means of the money borrowed at a higher level than otherwise it would be.

Not infrequently a country which obtains supplies of capital from abroad does not desire to import that capital in goods from the country advancing the capital. Nevertheless, this does not affect the general statement that capital must be received by the borrowing country by imports of commodities and must be dispatched by the lending country by exports of commodities. What happens in this case is that the country which borrows the capital, buys the goods it needs out of the proceeds of the loan from the countries that can supply them, that the purchasing power of the latter is thereby increased and that they in turn buy the goods they desire to obtain in exchange for the goods they sell until eventually the chain of purchases started by the original loan of capital extends to the lending country and the transaction is completed by the export of goods from that country.

Thus loans of capital from one country to another frequently result in a world-wide expansion of trade in consequence of the increased purchasing power of the borrowing country. Further in practice loans of capital to other lands do not mean that the lending country's purchasing power is reduced to the extent of the capital lent. Loans of capital create an increased demand for the lending country's goods, and by stimulating production cause the lending country to produce a great many more goods than otherwise it would do.

Loans of capital by one country to another do, in fact, increase both the producing and the consuming power of the lending countries as well as of the borrowing countries if the proceeds of the loans are wisely and productively expended.

Hence the immediate effect of loans of capital by one country to another is to increase the exports of the lender and the imports of the borrower, and to increase both the imports and the exports of all other countries. Subsequently, when interest is paid on the loans the imports of the lending country and the exports of the borrowing country are increased.

The export of capital by the lending countries is more or less intermittent and the fluctuations in the amounts of the fresh capital invested in the new countries from period to period largely explains the fluctuations in the value of the exports of the lending countries. In the same manner the import of capital by the borrowing countries greatly varies from period to period and the fluctuations in the amount of capital imported from year to year is one of the causes of the wide movements in the value of the imports into the borrowing countries from period to period.

IV.—The New Countries and Imports of Capital.

It may not be altogether irrelevant to indicate the immense influence upon the development of the new countries and the expansion of their foreign trade of the investment of capital by the lending countries. Most of the new countries are endowed by nature with almost unlimited natural wealth which can be made available for consumption by the expenditure of a relatively small amount of labor and of capital. In proportion to their natural resources the new countries possess but a small supply either of labor or of capital and they attract supplies of both from the older countries.

The construction of railways across fertile prairies opens up great tracts of virgin country to cultivation at a very small expenditure both of effort and of money. The rapid expansion of agriculture which ensues gives to the new countries a large amount of agricultural produce to exchange for the goods of the other lands and to pay interest upon the capital borrowed. The introduction of large sums of capital into the new countries for railways and other purposes causes, during the period of its introduction, large imports of manufactured goods into the countries borrowing the capital and as a consequence the imports of these countries largely exceed their exports. After a time the new countries increase their production of foodstuffs and raw materials so largely that they are able to provide a much larger proportion of the capital they need for themselves and they obtain the goods they require from other countries to an increasing extent by exchange of their own production and less by capital borrowings. I calculate that capital wisely expended upon new railways through districts containing fair agricultural and mineral resources brings about an annual production of wealth much more than equal to the total amount of capital spent upon the construction of the railways, a rate of production which could not possibly be secured if capital were not provided for railway construction. The capital needed for the direct development of agriculture, for mining, for house building, for manufactures, and for retail trade is chiefly provided by the inhabitants of the new countries themselves. Nevertheless, a portion of the capital required for these purposes is also provided by the older countries.

The net effect of the capital investments of the older countries in the newer ones is thus to bring about the creation of an immense quantity of new wealth of all kinds and descriptions and to cause the foreign trade both of the newer and of the older countries to show immense expansion from decade to decade.

(To be concluded).

NEW CITIZENS FROM MANY CLIMES.

Last year, 16,350 persons were naturalized in Canada. This number included 7,266 former citizens of the United States. The next largest number was 1,944, these being Russians. No less than 1,588 Austrians became Canadian citizens last year. Here is a list of those who have been registered as citizens at the Secretary of State's office for the twelve months ended December, 1909:—

Algerians	1
Argentines	2
Armenians	7
Austrians	1,588
Bavarians	8
Belgians	205
Bohemians	15
Brazilians	4
Bucowinians	5
Bulgarians	2
Chinese	241
Danes	154
Dutch	65
Egyptians	6
Finns	231
French	344
Galicians	512
Germans	293
Greeks	96
Hebrews	23
Hungarians	164
Icelanders	68
Italians	866
Japanese	341
Macedonians	5
Mexicans	3
Montenegrins	5
Norwegians	399
Prussians	6
Persians	16
Poles	51
Roumanians	184
Russians	1,944
Servians	1
Sardinians	1
Saxons	1
South Americans	2
Spanish	4
Swedes	623
Swiss	44
Syrians	162
Turks	92
U. S. A.	7,266
Re-admission	294
Not given	6
Total	16,350

Adding to this number the 114,135 previously recorded, there is a grand total of 130,485. In this connection, it is interesting to note that since July, 1900, Canada has added to its population by immigration to the extent of 1,453,391. Of this total 562,054 were British and 497,892 came from the United States.