world has gone too far in one direction, and now we must look for a mood of economy, in consequence of which personal extravagance will decline and savings increase, and the pace of the world's building operations and trade movement will somewhat lessen. This will probably be accompanied by a fall in wages, however regrettable, and by a fall in prices generally, although the steady increase in the gold output of the world and the power of certain industrial organizations may be opposing factors to any large and permanent decline.

MANITOBA, SASKATCHEWAN, AND ALBERTA.

So much has been written and said about the crop conditions of the Prairie Provinces, and these conditions have varied so greatly in different districts and have changed so rapidly from time to time, that it is a relief and a pleasure to be able to report that the money result from all cereals will certainly be about $85,000,000, and will perhaps equal the result from the crop of 1906. Of course this is due to the high price set against the much smaller quantity and the great loss in grades due to frost. Had the season been a normal one, and had prices, which are not appreciably affected by our crop, remained high, our Western farmers would have enjoyed a prosperity exceeding anything they have known. Apart from the difficulties of transporting and financing the grain, the unfortunate feature of the crop has been that the results fall so unevenly as to districts. In the main the fair results have been enjoyed by those districts which could have borne poor crops, while the most meagre results have often come to the newest districts. Our estimate of the crop of 1906, which has since been verified by the latest returns of the actual outcome, was 190,000,000 bushels of cereals, as compared with 167,000,000 for 1905. Our estimate for 1907 is 160,000,000, divided as follows:

Wheat—70,000,000 bushels.
Oats—75,000,000 bushels.
Barley—15,000,000 bushels.

With two years' increase of settlement this is not a good showing, but it is too slight a falling off to distress anyone living in the West. The average yeld per acre is, of course, low; wheat 14 bushels; oats 33, and barley 25. About half of the wheat will grade as fit for milling—No. 4 or better. Oats suffered more from frost than wheat, and about two-thirds of the crop is of the lower grades.

After a winter of severity, greater than had been known for a quarter of a century, the farmers succeeded, although a month later than for many years, in sowing an acreage as large as that of 1906. The growing season in Saskatchewan and Alberta was all that could be desired, but in southern Manitoba the rainfall was quite insufficient; so that, barring frost, it seemed as if the two Western Provinces would show excellent results and Manitoba would disappoint us. But frost came to the late-sown crops and did an amount of damage hardly recognized at the time, so that in the end Manitoba, where the conditions had improved, and southern Alberta produced the best crops both in quality and quantity.

Apart from the peculiarities of the crop of 1907, the difficulties of marketing the crop have been so pronounced and have caused so much discussion in the newspapers, that it may be well to refer frankly to some of them. The farmers blame the grain dealers as to price, both farmers and dealers blame the railroads as to car supply, and for the first time in the history of the North-West the banks have found it difficult, because of the many demands by borrowers, to release the money necessary to carry the grain to market. One might think from some recent criticisms that these difficulties had never been heard of before, whereas they have accompanied the marketing of grain and cotton in the United States, from time to time, through the entire history of its settlement. We have been proceeding upon the assumption that the railroads can carry to the point of lake navigation all the grain the farmers choose to market in the few weeks between threshing and the close of lake traffic, and that the banks can not only take care of this but also find the money for the entire balance of the crop as the farmer chooses to sell it during the winter, and await the liquidation of such advances in the late spring or early summer. Now we may as well recognize the fact that when the crop is materially larger both of these things will be impossible, even with an ordinary money market. The grain and cotton crops of the United States have been moved largely by European credits, in addition to local loans, and this has been a sound system financially, because ultimately sufficient grain or cotton goes forward to Europe to liquidate such credits. Of late years in the United States dealers have been able to move grain crops without much outside assistance, but not the cotton crop, and this is because the point of consumption for most of the grain is now at home and not in Europe, while a great part of the cotton crop is still sold in Europe. We are a young country, with little accumulated capital relatively to our wants, and, like the United States of twenty or thirty years ago, we must use the credit of Europe to some extent for our grain carrying, redeeming such obligations as the grain goes forward.

Now, the reason why it has been feasible for the United States to borrow quite readily very large sums of money against grain in store, is because for the last thirty years or more everything possible has been done at such places as Chicago and Minneapolis to assure the lender that he had grain of a certain grade in the hands of a terminal warehouse, the owner or officers of which could have no object, and, because of weighing and inspecting supervised by the State, no power to dispose of the grain except in accordance with the State-countersigned receipts. The banking and elevator interests of Winnipeg have been steadily endeavoring to improve the conditions surrounding terminal receipts in Canada, and the system at present in use will give any foreign as well as any domestic banker a most perfect form of security.

Winnipeg holds the second place in America in the volume of grain trading, and everything which can be done to make this great department of our commerce work satisfactorily should have the patient consideration of all concerned. There seems to be little doubt that many of the provisions of the Dominion Act, known as the Manitoba Grain Act, are unsatisfactory to the farmers, the railway companies, and the banks. Designed originally, no doubt, to protect the farmer, it can be so made use of by dishonest people as to cause to others serious delays in transportation and losses in money, and in the final result it must hurt many more farmers than it benefits. So long as it is possible for hundreds of orders for single cars to be placed in the names of people who have actually no grain to ship, it cannot be also possible for the elevator companies to get cars to ship grain with reasonable promptitude, or to place the blame for lack of cars with any precision upon the railroad companies. It seems clear that the Act should be entirely reconsidered and amended before we enter upon another season.

In the cattle business the striking feature, of course, was the very heavy losses on the ranges caused by the severe winter. It will doubtless take two or three years for the stock of cattle, horses, and sheep on the ranges to get back to a normal condition. Meanwhile prices are likely to be good, even though dear money and lack of cars may affect the situation for the moment. The fact that several shipments of Alberta cattle have been made to Chicago via Montana with highly satisfactory results, shows the natural widening of the market coincident with the decline in the supply. It is to be hoped that the farmers of the three provinces will now be firmly impressed with the wisdom of breeding cattle, horses, sheep and pigs to an extent not attempted heretofore. Not only does the lessening for the time being of the number of cattle on the ranges seem to assure the farmer of good prices for some time to come, but his experience with his grain crops in 1907 has proved once more that he can get the best value out of damaged wheat and oats, and when prices happen to be low, out of any grain, by feeding it to his own stock. Wherever dairying has been developed this is abundantly clear, and we are glad to know that in many parts, particularly in Alberta, where mixed farming is more general, the farmer is able himself to use profitably all his damaged grain crops.

It would also be well if the farmers of these provinces would consider the value of raising their own poultry. The money paid out by the farmer who grows grain alone, for many of the necessaries of life which he could produce on his own farm, such as butter, eggs, poultry, and pork, may seem, when he is prosperous, a small matter; but prosperous or not the loss to his province is very serious, and sooner or later it may be serious to him individually.

As far as the payment of debts is concerned, collections are good or bad in accordance with local crop conditions, but better as a whole than might have been expected.

Naturally these lessened results from agricultural and pastoral work, accompanied by dear money, have caused curtailment in building of every kind, and this again will, as in the East, result in a much smaller cut of lumber in all districts relying on the Prairie Provinces for their market. This is from several points of view highly desirable. The cost of production was reaching dangerous figures, even though justified by the market prices, and while curtailment of building is as imperatively necessary in Canada as elsewhere in the world if we are to get the money market into an easy condition again, it was inevitable if the high prices of labor and material continued.

While it is not practicable to ascertain how many new settlers entered the Prairie Provinces, the immigration into all Canada for 1907, with the last month or so estimated, is about 280,000, of which about 210,000 are English-speaking people. This is a large gain over 1906, and whether immigration is now to be checked or not, the settlers of the last few years in the North-West will largely aid the future prosperity of Canada after they get through their first few years of pioneering. Land sales and homestead entries are, of course, somewhat less in number, but the average price for land sold is slightly higher than in 1906, and we must remember that if the opportunity for labor in other fields declines for a time throughout the world, many will, as in similar past experiences, go back to the land. Any decline in homesteading is partly due to the increasing difficulty of getting land near to railroads; indeed, it is surprising how far settlers are willing to go, counting upon the railroad coming to them in the near future. Prospectors are even going into the Peace River country, and before long it will be difficult to avoid opening it up for active settlement.

After several years of abundant crops, we have to record a year in which in several parts of the North-West the farmers' results are quite unsatisfactory, but as a whole the country will receive a very large sum for its products, and the general result to the three provinces will still represent prosperity, although on a diminished scale. Expansion for the moment will be checked; extravagance in expenditure, even where there is no actual diminution of income, will be changed to economy, stocks of goods will be lessened instead of persistently increased, and generally we shall have a time of debt paying instead of debt creating.

UNITED STATES.

In dealing with the general situation in the United States the President said:—

Taking the United States as a whole another great crop of cotton has been raised and is being sold at good prices, and while the grain crops of 1907 were slightly less than those of either 1905 or 1906, the result with the higher price is considerably greater to the farmer, so that the agricultural basis of the country has been well sustained. During the winter of 1906-7 the money markets of the United States had, however, repeatedly reflected the fact that the expansion of building, in trade volume and in prices common to so many different countries, had outrun the world's supply of money, and in March a short stock exchange panic gave special emphasis to this condition. It became evident that the plans of great railroad systems, involving very large expenditures of money, could not be readily carried out; money became perceptibly dearer for long loans, and ordinary building operations were somewhat checked. Sober financial journals suggested that we were approaching a crisis, but during the summer much was forgotten. However, during the week beginning 21st October a decidedly critical situation arose in New York, due largely to the acts of some of the larger Trust companies, which had apparently forgotten the principles on which such institutions should be based. The failure of one of the largest of these companies, and runs upon several others, created panicky conditions in New York, and this state of feeling rapidly spread throughout the country, causing timid individual depositors to [illegible] it up, and a still [illegible] causing country banks to attempt to build up reserves, in some cases needlessly large, by drawing their balances from the reserve cities. Under the banking system of the United States, because of an inelastic currency, but quite as much because of the laws regarding reserves and the peculiar system under which they can only be used for the very purposes for which they are held at the expense of breaking the letter of the law and thereby creating a panic, the effect of this hoarding of currency was to paralyze business and to cause on the one hand a premium on currency for a short time as high as 3 1-2 per cent, and on the other the creation of a temporary currency, illegal but eminently sensible, in order to enable the business of the country to go on. At the same time gold was imported from Europe to the amount of over $100,000,000, and while this was an extraordinary evidence of ability to apply heroic remedies to the situation, the very fact that it was necessary and possible to obtain this very large sum from Europe naturally alarmed the money markets there, because it was a concrete example of the violent and enormous forces which American trade and finance can exercise upon Europe when the pendulum has been allowed to swing too far in one direction. The situation is now steadily improving, the gold importations and the premium on currency have stopped, and the reserves of banks are being brought back to the legal requirements. How far the enormous fall in the price of copper, and the more moderate fall in other metals and in lumber, will be followed by a general fall in the price of all commodities, it is too early to estimate. But as the wages of labor are being reduced and large numbers have been thrown out of employment, we must expect a moderate readjustment of prices. Food stuffs do not, however, because of another series of factors, show any tendency to decline in price.

The hope has been confidently expressed on many occasions since 1893 that the United States would bring about reforms in its currency and banking systems. Partly because the situation is full of difficulties not present in most countries nothing of a decisive nature has yet been accomplished, but the demand for reform from the public throughout the United States is more persistent than ever before, and we cannot doubt that with recent experience sharply in mind steps will now actually be taken to remedy the defects referred to. It is well for all of us residing outside of the United States not to forget that while stringency in money was inevitable owing to expansion, the extraordinary features which differentiate the monetary