

policy of industrial development and exclusion of outside competition just the same; and our trade with them will, in consequence, have to decline. But it is not so with the provinces of our own Empire. They, too, as anti-Imperialists will sometimes point out, are developing local industries, which will, to a certain extent, relieve them of dependence upon the Mother Country's manufactures; but colonial industrial growth of that kind will not for many generations keep pace with the general development of the colonies, and there will, in consequence, be a continually increasing market in those Colonies for imported manufactures. While foreign markets fade from our grasp, then, the colonial will increase—or, rather, may increase; for our foreign rivals have a keen appreciation of the potential value to them of British Colonies, and are energetically working into their markets. Mr. Chamberlain's Blue-Book upon the subject opened the eye of those who read it to the threatening character of the encroachment; and though some of the encroachment may be put down to the fault of our manufacturers and merchants, much cannot. In many departments of trade we are almost bound to be undersold by our rivals. Hence the value—the necessity, if we are to hold the trade, which will some day be a very big trade—of a preferential tariff for our goods. Hence, also, the folly of the Government's action in trifling with the Canadian preference, and, consequently, imperiling the establishment of those preferential arrangements within the Empire upon which so much of the Empire's future prosperity depends.

THE RELATION OF GOLD PRODUCTION TO TRADE.

While most persons are familiar with the effect of enlarged harvests upon trade, which is greatly stimulated, and to a large extent sustained by the wealth derived from the annual increase yielded by the earth in crops of food, there is a less general appreciation of the effect upon trade of an increase in the yield of gold mines. The expansion in value of the product of gold in past three years in the principal countries where it is found is shown by the following table:

Countries.	1899. \$	1898. \$	1897. \$
Australia.....	79,206,130	62,294,481	52,491,279
South Africa.....	72,961,501	78,070,761	56,718,679
United States.....	70,096,021	66,082,430	59,210,786
Russia.....	23,963,077	21,734,418	21,538,490
Canada.....	21,049,730	13,700,000	6,027,016
Other places.....	45,031,420	42,921,372	41,847,734
Totals.....	312,307,819	286,803,462	237,833,984

The increase in value of gold produced in 1898 over 1897 was \$48,969,478 and in 1899 over 1898 was \$25,504,357, making a total increase of \$74,473,835 in two years, the percentage of enlarged value being 31.30. When we consider what a vast superstructure of banking credits is built upon the stock of gold held by banks, we begin to understand how prodigious an expansion of trade can arise from the

world's annual crop of gold having increased in the last two years by \$74,473,835. The stimulus given to the production of iron by the gold harvests being so large is seen by following data showing the amount produced in United Kingdom, in the States and the total world's product:

	United Kingdom. Tons.	United States. Tons.	Total World. Tons.
1895.....	11,466,207	15,800,460	46,300,000
1896.....	13,110,410	14,115,900	48,180,000
1897.....	13,489,142	17,120,460	54,600,000
1898.....	13,458,500	21,660,000	61,200,000
1899.....	14,387,680	24,626,300	67,575,000

Since the gold production advanced in value by 31.30 per cent., the production of iron has increased by 39 per cent. The advance in values in iron, steel and other minerals and their manufactured products in the last year has been unprecedented. The increases have been, since September, 1898, as follows: Pig iron, per ton, from \$11.74 to \$19.00, steel rails, \$22.50 to \$38.00; copper, \$250.00 to \$350.00; tin, \$360.00 to \$670.00. The price of coal in London has risen since the fall of 1898 from \$4.00 per ton to \$6.00. These enlarged prices of manufacturing materials are causing grave anxiety as to their effect on trade in the future when conditions arise less favourable to production than those now in force. There has been a check given recently to the advance in prices of iron and steel, as they had gone so high as to check demand. But it is held by authorities that the increasing output of the world's gold mines will create and sustain a proportionate increase in the general volume of trade, so that, unless some serious deficiency occurs in the food harvests or some disastrous outbreak of financial folly occurs, there is a reasonable certainty of prolonged business prosperity.

THE EFFECT OF THE WAR ON SOUTH AFRICAN BANKS.

From reports just to hand of the principal banks in South Africa, it is evident that their business has been largely increased by the operations of the war. Probably in no previous war were there so many combatants as comfortably circumstanced financially as large numbers of these under arms in Natal, the Orange Free State and the Transvaal, nor was there ever a prolonged campaign in which the financing was conducted so systematically by the aid of banking institutions situated in the midst of the seat of war. Drafts drawn in Canada and Australia have been cashed in offices within hearing of the artillery of both combatants, a form of business which is a striking object lesson on the unity of the British Empire. We find from reports of two leading banks, the Bank of Africa and the Standard Bank,