

in the past fifteen years, and a number of comparatively small towns have in this time grown into cities, while some of the older cities, such as Montreal, Toronto, Ottawa, Hamilton, Winnipeg and Vancouver have enormously expanded during the same period. This civic expansion has absorbed many millions of borrowed capital, most of it expended in labour, building materials, and the expensive equipments required for the construction and furnishing of modern cities. Upon these operations again depend many professional men, merchants and middle men generally, and transportation equipment. The effect of all this upon the distribution of population and the direction of domestic capital and business enterprises has naturally been very marked. During the past decade a very large number of native Canadians, as well as immigrants, have been concentrated in the rapidly-growing towns and cities, employed chiefly, either directly or indirectly, in the simple construction of the cities, or in supplying those engaged in this construction.

CAPITAL TAKEN IN GOODS.

The rapid expansion of so many civic centres has naturally led to a great increase in the values of real estate. These legitimate increases have been greatly expanded by speculative dealers in prospective values. The profits made in land speculation, construction contracts, and in wholesale and retail trade, have encouraged a spirit of extravagance which has been responsible for the importation of many expensive articles of luxury, and which has naturally aided in developing an adverse balance of trade. All these conditions have given a trend to the investment of domestic as well as foreign capital to the disadvantage of agricultural and productive industries, whose products except in the building trades have not kept pace with the construction of public works, the growth of cities and the expansion of commercial and financial investments. This very natural but nevertheless abnormal advancement of the country has not hitherto resulted in any inconvenience, because its lack of balance has been entirely met by the constant stream of foreign capital borrowed on Canadian account. A comparatively small proportion of this capital however has come to the country in the shape of money; almost the whole of it has been taken in the shape of goods. Thus the gap between exports and imports has been steadily widening and will continue to do so until the construction of railways and other public works and the building of cities fall off. Then will result the inevitable consequence that a large proportion of people—employers and employed—must return to the production of articles for more immediate consumption and export. When this return movement begins the gap between exports and imports will gradually close. Finally, when the principal and interest of the hundreds of millions recently borrowed come to be paid exports will exceed imports with as little disturbance to the exchanges as we have found in the past. Both sides of the movement have been amply illustrated in the trade returns of the United States at various periods during the past century.

Insurance is, perhaps, the greatest sign that a young man or a young woman can give of forethought and thrift, and thrift in early life, which abundantly repays them.—*Lord Rosebery.*

SIR EDMUND WALKER HOPEFUL.

But Caution in Borrowing is Necessary—Good Ventures for Moderate Amounts can be Supplied.

On his return from England, Sir Edmund Walker, president of the Canadian Bank of Commerce, expresses himself very hopefully on the money situation, and when interviewed in Montreal stated that there was no need of anxiety among reputable Canadian business men engaged in ordinary business ventures of a sound nature.

"There is nothing wrong with Canada," said Sir Edmund. "The whole trouble is with the world supply of money. The production of gold has increased, but not sufficiently to keep up with the world-wide prosperity of the last few years, and the tightness in the money market is due mainly to this cause, though, of course, the war in the Balkans has also helped by diverting money from commercial channels. The only reason why Canada has been singled out for criticism," continued Sir Edmund, "is that she is the most prominent borrower, and therefore attracts most of the attention when capitalists begin to discriminate in making their loans. Canadian credit is not in the least injured, and interest in Canadian investments has not flagged, but investors in England are obliged to discriminate more carefully and to charge a higher rate."

GOOD VENTURES CAN BE SUPPLIED.

Sir Edmund was glad to see that the check had been applied to wild-cat speculation and to other forms of injudicious flotation. It was important to preserve the credit of the nation and care should be exercised in putting Canadian issues on the market. Things, so far as he could see, had been changing very much for the better, and it now looked as if all good ventures for moderate amounts could be supplied.

While expressing a hopeful view on the present situation, Sir Edmund was careful to emphasize strongly the necessity for caution in Canadian borrowing.

"There is nothing more foolish," he said, "than for the Canadian people to believe that no further restrictions are necessary, for it is only by restriction and careful regulation that the matter can be permanently righted. No railroad, manufacturer, municipality or government should go into operations demanding money unless they first know how and where they can get it, for this is the only manner of keeping indiscriminate borrowing within bounds. Of course, Canada must continue to borrow and to borrow largely, developing as she is at present, but there can never be any excuse for careless flotations. Canada must bear in mind that the United States were faced with the same difficulty at one time in their financial history, and that as the most prominent borrowers they also had to take the criticism that is levelled at Canada who has to-day taken the position of leading borrower in Europe."