

ing customers, in curtailing speculation and expansion, in furling the country's sails in face of a stringency storm. To quote Mr. R. S. Gourlay, president of the Canadian Manufacturers' Association, on September 17, last:

Our banks are deserving of much credit for the successful manner in which they have handled a difficult situation; to say that they have refused to provide money for speculative ventures or for the financing of new enterprises is to acknowledge that they have chosen rather to reserve their resources so as to be better able to take care of legitimate business. And this I believe they have done and done well, for with one of two exceptions, where special considerations may have necessitated a curtailment of credit, I have yet to hear of a good business, manufacturing or otherwise, that has not been provided with what money it actually needed.

It appears also that the commercial loans of the chartered banks increased twenty-four millions during the first eight months of the year, while deposits decreased twenty-five millions. Between August 31 and November 30 conditions were reversed, so that commercial loans decreased \$24,000,000, while deposits increased \$43,000,000. The former situation showed the banks did their best for their customers; the latter figures indicated that the country was recovering from its monetary stringency.

Many things, of course, have made our people feel the depression of the past year, and one of the most discussed topics was the higher cost of living to which the Government is now having official inquiries made. I believe a chief reason for this condition to be an increased population, coupled with a falling off in the numbers and in the raising of food-producing animals, and accompanied by increased demands from a people who are widening the area of home comforts, luxuries and higher-class food requirements. The great cause of the stringency, however—greater than the local effects of real estate speculation or the increased cost of living or even the world-wide influences of a prosperity which strained the money markets—was to be found in the War troubles of the year. Financial estimates of the cost of the Balkan War, which I have no reason to doubt, have placed the figures at \$1,229,000,000, while the cost of preparation in Russia, Roumania, and Austria for Wars which, fortunately, did not occur, totalled many millions more. The Mexican disturbances also caused a strain on certain Canadian,

as well as British investments, in that country. At the close of the year, without taking into account the strenuous efforts of Great Britain to keep its control of the Sea in face of the rivalry of Germany, the demand for loans required in connection with these wars and preparations for war was estimated at \$700,000,000. It was not much wonder that money became tight in 1913; the greater wonder is that Canada actually received more money from Great Britain during the year than in 1912.

One good thing this stringency has certainly done—it has shown Canadians how vital to their well-being is the money of the Motherland; how essential it is that they keep and improve their national and individual credit by good government and wise financing and honest business; how practical is the value of the sentimental and Imperial bond, which, as Sir George Paish of the London Statist so well pointed out, in his Toronto speech of December 4, 1913, makes for actual profit to the pockets of our people.

Sir George Paish spoke as follows:

Canada is in a very privileged position. We in England greatly admire the Canadian people; we have a great sentiment of friendship for you; and the result of this sentimental attachment is the important material advantage to Canada that we have loaned this great sum of £500,000,000 sterling to Canada at a rate of interest only slightly over 4 per cent; we should have given it to any other country, at any rate, any foreign country, for 5 per cent. That means that although you owe us £500,000,000 sterling, yet this costs you not more than £400,000,000 sterling would cost any foreign country; in other words, you have got the advantage of borrowing an extra 100,000,000 pounds for nothing. On the capital you have borrowed from the United States you are paying a higher rate of interest because most of the capital has come in for industrial operations, giving relatively higher returns.

This, in my opinion, from such an authority is a most important utterance. It indicates, as no laboured argument could do, one of the great benefits accruing from our union with the Empire, and affords one more reason for doing our duty in a naval and military sense toward that great combination of British nations. It means a saving of nearly £5,000,000, or \$25,000,000. The savings of two years would more than cover the cost of the three dreadnoughts which the Commons voted to contribute to the British navy but which the majority in the Senate rejected.

In this connection I am certainly an optimist as to the future of Canada—both