

THE CANADIAN BANK OF COMMERCE—Continued

winter of 1914-15 we did not realize that our aid was to count for much in the struggle, greatly as we desired to help. We did not really believe, despite the warning of Kitchener, that the war would still be raging in 1917 with the end not nearly in sight. Now we do not talk of any definite time for the end; we only know that the last man, the last gun, the last dollar may be needed, but that we shall win beyond any peradventure if the people in all the allied countries can be made to understand what is required of them.

EXPORTS EXCEED IMPORTS.

Turning at once to our trade with other countries, that being the best indication of the tendency of affairs at the moment, we find that, leaving out the shipments of gold and bullion, both inwards and outwards, our exports for the fiscal year ended 31st March, 1916, exceeded our imports by \$249,088,274, and that for the six months ending 30th September, 1916, the excess was \$141,100,898. We cannot keep in mind too clearly what has happened since the end of our period of expansion in 1913, and a repetition of the figures given last year will aid us to do so.

Fiscal Year.	Imports.	Exports.
1912-13.....	\$686,515,536	\$377,068,355
1913-14.....	635,383,222	455,437,224
1914-15.....	497,376,961	461,442,509
1915-16.....	530,211,796	779,300,070
Six months ended September...	405,901,765	547,002,663

Fiscal Year.	Excess Imports.	Exports.
1912-13.....	\$309,447,181	
1913-14.....	179,945,998	
1914-15.....	35,934,452	
1915-16.....		\$249,088,274
Six months ended September...		141,100,898

The improvement from year to year is as follows:—

1913 to 1914.....	\$129,501,183
1914 to 1915.....	144,011,546
1915 to 1916.....	285,022,726
1913 to 1916.....	\$588,535,455

For the six months of the present year the gain over the astonishing figures for the first half of last year is nearly another 100 millions.

The gain of 285 millions in our foreign trade, as compared with March, 1915, is almost all due to the increase in the value of the exports, the increase in the imports being only 32 millions.

EFFECTIVE ECONOMY.

If we are really to exercise an effective economy we should be very jealous as to the nature of any imports not necessary for the production of war supplies or for our national existence. There is some improvement in this respect, but it is not pleasant to see about 10 millions sent abroad for motors and about as much more for silk goods and velvets. The chief increases are in iron and steel bars and goods, and in iron ores, in machinery, in wool, cotton and jute and goods made therefrom, in raw rubber, in various chemicals, oils, explosives, etc., needed for making munitions, in various articles for the army and navy, and to a considerable extent in foodstuffs, so that apparently the chief increases are in necessary articles, although we regret that many of them were not made in Canada. There is a large increase in our exports under every general heading, especially under manufactures, mining, agriculture and animals and their products. The total of our imports and exports of merchandise in the fiscal year ended March, 1916, was \$1,309,511,866, against \$241,025,360 in 1896, that being also a period of excess exports. This enormous foreign trade is, of course, coincident with a great decline in all domestic trade not connected with the war, and is swollen largely by purchases of steel and other material imported from the United States, to be used here in making munitions; the money result is abnormal because of the high price of almost every known commodity. I am not putting forward the figures, however, as a guide to what may be possible after the war. I am putting them forward as an indication of what may be accomplished when we are spurred by great events. The financial ideal for us at the moment is to pay interest on our foreign indebtedness, to provide our share of the cost of the war, and to lend as much as possible to

Great Britain to pay for munitions made for her by Canada. We are, apparently, accomplishing this, but in the absence of figures, we cannot estimate what amount of profit from our home trade is eventually invested in war securities. We are, however, being helped to accomplish this result in a manner which may deceive us, by the large market in the United States for our securities, and also by the many subscriptions received from our wealthy neighbors when issues of our own war loans are made in Canada.

AN ENLARGED MARKET.

The sales of Canadian bond issues for the eleven months of 1916 are of peculiar interest, showing how completely our reliance for the placing of our securities is now transferred from Great Britain to the United States and to our own greatly enlarged market. The following statement has been prepared for us by the Dominion Securities Corporation:

Securities.	Total.	Sold in Canada.
Municipal.....	\$ 49,100,575	\$ 13,567,055
Railway.....	15,920,000	
Governments.....	200,545,300	83,350,000
Miscellaneous Corporations.....	24,750,000	6,050,000
Public Service Corporations.....	5,900,000	
Canadian Co's. operating in Foreign Countries.....	7,500,000	
Total.....	\$303,715,875	\$102,967,055
Securities.	U. States.	G. Britain.
Municipal.....	\$ 35,533,520	
Railway.....	15,920,000	
Governments.....	117,195,300	
Miscellaneous Corporations.....	10,700,000	8,000,000
Public Service Corporations.....	5,900,000	
Canadian Co's. operating in Foreign Countries.....	7,500,000	
Total.....	\$192,748,820	\$8,000,000

It will be seen that the actual sales in Canada of Government bonds are considerably less than the amounts offered to the public in Canada. To the extent thus shown buyers in the United States have eventually become the owners of these issues. Since August, 1914, Canadian securities to the extent of about 50 millions of dollars, which had been sold in Great Britain or elsewhere in Europe have been returned. These have been either directly resold or the nature of the issues re-arranged and about one half has found a new market in the United States, the remainder being absorbed in Canada. The figures of such transactions are not included in the statement of new issues.

UNITED STATES GOLD STOCK.

The affairs of the United States are necessarily always of great interest to us, but never more so than at the present time, and I hope that every shareholder will read attentively the carefully prepared report of our New York Agent. During the past year the United States has added to her gold stock, after deducting exports, about 400 millions in gold and is now estimated to possess the huge sum of about \$2,750,000,000 in that metal. From information obtained in the United States we learn that the imports of gold from Canada for the ten months ending October were 385 millions of dollars. This was, of course, almost entirely on Imperial Government account. With the enormous volume of war business, the increase of credit made possible by the new Federal Reserve Bank Act and this influx of gold, trade has so increased that in many lines of business each month establishes a new record. An estimate of the foreign trade of the United States, given by our New York Agent, places the excess of exports over imports from August, 1914, to September, 1916, at \$4,158,000,000. This is said to be almost equivalent to the amount of United States securities held abroad before the war, and it is estimated that by the end of September securities of all kinds had been returned to the value of \$2,400,000,000, so roughly about \$1,600,000,000 remained abroad. Of this remainder the proportion which can be made available for British war finance is too uncertain to form a basis for an opinion of any value. Great Britain, however, holds a vast amount in the securities of countries other than the United States. I have seen the statement that about ninety per cent. of the present exports

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