

The average bank circulation in 1896 was \$31,456,297; in 1897, \$34,350,118, and for 1898 the average has been \$37,873,933.

We could perhaps have no better test of the activity of commerce and general prosperity of the country than this. It means that there is over six million dollars more in circulation in the pockets of the people at the present time than three years ago.

#### FOREIGN TRADE RELATIONS

If we turn to the always interesting subject of inter-Imperial foreign trade, the retrospect is no less agreeable. For the first time in the history of Canada, the total imports and exports exceeded three hundred million dollars in value. The most notable increase during the fiscal year ending on June 30th, 1898, was in the exports of Canadian produce, which advanced from \$123,632,540 in 1897, to \$144,333,746 in 1898.

This increase was due in part to the high price of wheat during a portion of the year, and the large crops of 1897, which permitted heavy exporting; with the single exception of forest products, however, all other classes of exports contributed to the increase.

The result of this remarkable expansion of exports and consequent increase in the purchasing power of Canada in foreign markets, was seen in the freedom of importation during the past summer, even before assurance of another good harvest gave added strength to the movement, and in the increasing demand upon our own factories and mills.

How much of the prosperity now to be seen on every side is due to the increase of the export trade, must remain a matter of opinion. It may be noticed in passing that until six years ago, the exports of Canadian produce never exceeded one hundred millions, and that as compared with a date so recent as 1896, the exports of 1898 show an increase of thirty-four and a half million dollars.

A parallel case is to be found in the trade year ending June, 1882. The harvest of 1881 was an excellent one, prices ruled high, and as a result over ten million dollars worth of barley went to the United States, and wheat, peas, oats and other grains to an equal value to Great Britain. This great increase over the normal purchasing power of the agricultural community was followed in the fall of 1882 by the largest importations in our history previous to those of 1898. The returns of the year 1898-99 warrant the belief that imports during the current year will greatly exceed those of any former year.

#### INCREASE OF FREE IMPORTS

It is worthy of note that whereas in 1883 the dutiable importations for consumption were valued at \$91,588,000, and the free at \$30,273,000, the dutiable imports for consumption in 1898 under similar prosperous conditions had shrunk to \$74,604,000, and the duty free imports had increased to \$51,685,000. The great increase of late in the volume of free imports gives to some extent the measure of the country's industrial development, because the free imports consist largely of metals for use in our factories, raw cotton, hides, wool, crude rubber, hemp, dye stuffs, chemicals and corn for feeding, things that are the raw material not merely for goods for the home market, but as in the case of cotton, hides, rubber, steel, corn and cabinet woods, of an export trade of large dimensions.

The expansion of free imports of raw materials is a distinctly favorable feature in the trade situation.