

exchange supplanting sterling in the world's money market. Such a prediction seems premature. The United States can scarcely do this until it has established the complex machinery for a system of dollar exchange. Such machinery includes world-wide trade and banking relations, the acquisition of a merchant marine and considerable extension of foreign commerce.

In this connection, the statement made at Washington in October by the assistant secretary of the United States treasury, Mr. W. P. Malburn, is of interest: "Sterling exchange is depressed in the United States at this time," he said, "but that does not mean that sterling is depressed everywhere. The fact that sterling is depressed in the United States is not sufficient to depress the value of the British pound everywhere, simply because the trade influences of the United States are not felt everywhere."

"It is hardly conceivable that the United States can maintain its present trade advantages outside the limits of this country, once the European war is ended. We have not the machinery for keeping this trade, although we have it coming our way while the war lasts. Great Britain, France, and Germany have extensive banking interests in foreign countries, their steamship lines penetrate far countries, and their bankers are not afraid to loan to small nations."

Big Financial Deals.

More record financial transactions were negotiated, and more loans were raised in 1915, than in any year in history. The Anglo-French loan of \$500,000,000 in the United States in October, and the British domestic war loan of \$3,000,000,000 in July, involve \$3,500,000,000 in those two transactions. British votes of credit since the outbreak of war to date have been \$8,310,000,000. British war loans including the issue of exchequer bonds and treasury bills, have totalled \$6,320,000,000. Loans raised by belligerent countries and by neutrals largely to preserve neutrality, were approximately \$28,456,130,000, the British Empire and Germany accounting for the greatest share.

Great Britain, world's banker in peace, has not proved an insignificant banker in war. Between April 1st and November 6th, according to Premier Asquith, the Imperial government not only spent \$2,586,500,000 on army and navy munitions, \$117,500,000 on food supplies, and made payments of \$520,000,000 to the Bank of England, but it also made loans of \$491,500,000 to its overseas dominions and Allies. Of that sum Canada's share was about one-fourth. No one would have ventured two years ago to have prophesied such extensive financing. The effect, so far as Britain is concerned, of its loans to Allies should later prove favorable in many directions.

Agriculture First in Canada.

The basic source of Canadian permanent development and prosperity still is agriculture. As an industrial country we have made considerable progress. Industrial plant has been speeded as a result of the war. Speculation in industrial war stocks has directed special attention to industrial development. The unusual industrial activity was entirely of a temporary nature. The domestic demand, as applied to many industries, was still small. But the receipt of war orders pointed the way to new and permanent markets to which our industrial captains may export heavily after the war. Aside from the war order business, the industrial plant of Canada is of great importance but it depends upon agriculture.

We need more population. But there is chiefly one place for it—upon the land, producing wealth. If men will not farm, it is wasted energy to turn factory wheels. It needs a Saskatchewan graingrower to do his bit in order to keep employed a Massey-Harris man at Toronto. Three big railroad systems want freight, that they may pay interest charges on large blocks of securities. Factories and mills have sufficient equipment to look after the maximum demand likely to arise for many years to come. But a few hundred thousand newcomers to the Western prairies, to Northern Ontario, to British Columbia and to the maritime provinces, having made up their minds to be farmers and having commenced to produce from the soil, would make a vast difference.

Crops and More Production.

The best crops in the history of Canada, having been harvested last year, an excellent touch was given to what has proved a lengthy period of economic readjustment, mitigated, however, by the war. The crop helps Western Canada immensely, especially in regard to the liquidation of debts. Its value increases the total sum of primary production of wealth to a gratifying figure. In 1913, the value received from our field crops, forests, mines and fisheries, was \$907,311,000; in 1914, \$975,380,006, and last year \$1,123,169,000.

Agricultural production last year included a crop of 336,000,000 bushels of wheat, 481,000,000 bushels of oats and 50,000,000 bushels of barley. Cereal crops altogether were produced to the value of \$559,000,000 and root and fodder crops to the value of \$230,000,000.

Too much emphasis cannot be placed upon the necessity for still further production. That is the Dominion's primary work. In doing it, we not only will help ourselves greatly, but will also help to maintain the position and prestige of the British Empire in the world's affairs.

As pointed out on another page by Mr. C. C. James, Dominion agricultural commissioner, there is no doubt that the crop of 1915 will leave a good margin of profit to Canadians, despite high ocean rates. The value-per acre of our wheat in 1910 was \$11.17. Last year it was \$20.71.

Financing the Crops.

No difficulty after all occurred in financing this large crop. Early in the fall, some apprehension existed as to possible difficulty in financing such a large crop in war time. Finance Minister White felt that the unusual demands of grain customers might result in curtailed banking accommodation to other sections of the community and he therefore urged the banks not to hesitate to avail themselves of the privileges of the bank act. As Dominion notes issued against grain bills would be retired from time to time as the crop was sold there was no reason to apprehend a redundancy of note circulation should the banks freely avail themselves of the invitation of the finance minister. With abundance of funds available for the crop movement there would be less likelihood of its being pressed for sale, at least against the desire of producers and dealers.

The banks were enabled, should occasion arise, under the bank act amendments, to issue additional circulation against their gold. They could also, under the finance act, 1914, obtain to any amount desired, Dominion notes against grain bills, warehouse receipts or other securities. So far as cash resources and currency are concerned, there were, therefore, available ample facilities. To facilitate advances by the government, the finance minister arranged for the assistant receiver-general's office in