

gold or Dominion notes until further notice, and to make use of the crop movement emergency circulation from now until further notice.

The confidence in the national financial situation is strengthened by the fact that the Bank of England has established a depository for its gold at Ottawa with Canada's minister of finance as trustee. The Dominion's first war loan of \$50,000,000 will be raised with comparatively little difficulty. The methods were outlined in the special budget speech of the finance minister last week. He is given authority by parliament to hold gold to the amount of 25 per cent. of Dominion notes issued up to a total issue of \$50,000,000 instead of \$30,000,000 as previously, and as respects Dominion notes issued in excess of \$50,000,000, equal to such excess. The result of this provision will be an increase of \$15,000,000 in the issue of free Dominion notes. By the special taxes on sugar, coffee, spirits and tobacco, an estimated revenue of \$7,200,000 will be raised. That is a good beginning. It copes with the situation for some months to come and it is not a burden upon the people. Later the government may float a loan in the Dominion. The comparative ease with which subscriptions have been raised in campaigns throughout the country for various purposes, indicates that Canadians would oversubscribe any loan which the Dominion government deems wise to issue here. The British government's first war loan of \$75,000,000 was oversubscribed by more than \$135,000,000, the total subscriptions being about \$210,000,000.

In the industrial world, one expects to find the same activity among executives as is being shown in Great Britain. There they recognize the prevalence of entirely new trade conditions. They are studying these without delay and their government is helping. They realize that trade obtained during war time is likely to be retained in times of peace. The manufacturers of Canada should co-operate with the Dominion government so as to keep machinery running as much as possible and to keep operators employed. Already, war has given an impetus to several industries. One firm has a government order for 40,000 pairs of military boots. Another firm is making a large quantity of goods such as tents, kit bags and cotton bags. An order for 35,000 military shirts has been placed in Toronto. The flour mills of Canada are working overtime grinding Canadian wheat into 96,000,000 pounds of flour, the Dominion's gift to Great Britain. The pulp and paper companies are unusually busy and during the past week or so have received large orders for shipment to England, South Africa and South America. There will be a good demand for the wheat, grain and fruit crops of the country, and good prices too. The factories, forests, mines, fisheries and agricultural lands will continue to supply their share of national revenue. Last year the value of their production was \$2,509,000,000.

Instead of boasting of a population of 8,000,000, as in the past, there is cause for satisfaction in the fact that the population is considerably less. During the past eighteen months, while the world-wide trade depression has been in evidence, many thousands left Canada, returning to Great Britain and to the United States. Both those countries have stronger financial resources than has Canada, in this critical period, to support those numbers. The cessation of immigration is fortunate too at this time. It relieves the labor situation to that extent. Again, the number of men who are leaving productive employment here for military service is comparatively small; a great advantage compared to the situation in Europe.

While trade has ceased with Germany, the British navy has managed with little difficulty to keep open the

shipping routes on the Atlantic and Pacific. The United States and British markets are still open to Canada. In those two markets is the Dominion's biggest trade, and to them may be added what was once German business, although some allowance must be made for reduced purchasing power in this country. For the twelve months ended June, 1914, Canada exported produce from its mines, fisheries, forests, factories and herds, valued at \$423,827,000 compared with \$363,000,000 in the corresponding twelve months in 1913 and \$311,000,000 in 1912.

It is unfair to compare conditions to-day with those of last year, with those of 1907 or with those of any previous year. The year 1914 presents to Canada an entirely new situation. The government, bankers and business men legitimately may take radical measures to deal with a position that is not likely to occur for another half century and maybe never again. It is unreasonable to expect conditions like those of 1912 and the few years previous. If the governments of the Dominion and business men everywhere will do their part to meet the unique case of nineteen fourteen, there will be reason for congratulation in after years, because such action means the maintenance of the national workshop, national credit and national satisfaction. The country had previously accepted the fact that a readjustment of conditions was due. The war is aggravating the process to some extent, but the final result of the readjustment will be wholesome. Favorable facts, confidence and good business sentiment may trip together without trepidation.

GERMANY AND ITS COLONIES

Prince Bismarck was never an enthusiast in the German colonial movement. Great Britain's "colonies," many of which have grown to the rank, dignity and strength of overseas empires, always have been an object of envy by German expansionists. They managed to draw Bismarck into their sphere of thought, but he was frank in his opinion that the German colonial movement had come too late to be successful. Kaiser Wilhelm thinks otherwise.

Germany has 1,000,000 square miles (excluding Congo) of colonial empire. Twenty thousand of its sons people that area, with over 14,000,000 natives. Ten thousand of them are soldiers, police and civil servants from the Fatherland. Their colonies, generally speaking, are unfortunate mixtures of climate and fertility. Where the climate suits Europe, the natural resources are insignificant. Where the natural resources are of value, the climate is fatal to settlement by whites. Taking the colonies as a whole, there is, according to Mr. W. H. Dawson, a close student and writer of German affairs, one German to every fifty square miles of territory. The native of Togoland, which was surrendered to the British this week, is lazy. Even if he is forced to sow seed, he may refuse to garner the crop. Togoland's value to Great Britain just now is the possession of an extensive and far-reaching wireless station there.

Kiau-chau, a German protectorate in China, has received considerable German attention in recent years, probably because it is a naval and military station. Since the German occupation, this dependency is said to have been converted "into a veritable pearl," but it has been a costly one, and shows a deficit of \$2,000,000 a year. Japan is now making history in that neighborhood.

A study of the German colonial movement brings one to the conclusion that after thirty years it is a failure.