

millions; but while some of this is an addition to the national debt, a considerable part of it is issued under the Finance Act to facilitate the movement of products and should thus in time disappear. In the early years of the war we sold securities in the United States, and if in winding up our war accounts we find that Great Britain owes us about as much as we have borrowed abroad since August, 1914, we shall have the proud satisfaction of having paid our share of the cost of the war out of our own pockets. On the one hand, we shall know that in the greatest emergency in the history of the world we did our part; on the other, that we now have a sort of great national ledger in which vast sums stand at the credit of some of our people, to be paid by our people as a whole over a series of years.

New Activities.

So far as tangible objects of wealth are concerned we are hardly better off than when the war began. We have created many new factories and plants to make instruments of war, and acquired much skill in working these plants, we have large additions to steel and other plants immediately available for works of peace, and we have new shipyards, but because of four years of concentration on war, we are in need of supplies in many directions. In addition to the resumption of activities in every form of production existing before the war and the beginning of many new activities, we need large expenditures to make our country roads fit for modern systems of transportation and, frankly, we have waited long enough for this. Anyone acquainted with the traffic on the Toronto and Hamilton Highway will need no further argument as to the business utility of such improvements. We need dwelling houses by the thousand in many districts, and other buildings only await a reasonable adjustment of the present high cost of erection. Our farmers are richer than ever before and will doubtless require farm improvements on a very large scale. We need large expenditures on railways in every direction, greater mileage, more engines, more cars, and better terminals. We need ocean ships to help us compete for the trade of the world.

Finance Reconstruction.

There will doubtless be considerable foreign trade open to those who can compete for it, but it will not be obtained without a struggle which leaves no room for lack of skill in manufacturing, of the knowledge of costs, of the power of finance, and of the facilities for transportation. If we can finance part of the reconstruction of Europe as we have financed the making of munitions for Great Britain, we shall probably get a fair share of the business now that we have a trade mission in existence for this purpose. For a time there will apparently be a market for all food-stuffs, and the demand for agricultural implements should keep our factories very fully employed. Lumber mills should readily sell their products, and doubtless many industries which attained success under our rather difficult pre-war conditions will battle successfully for a share of foreign trade. The recent announcement that orders for lumber valued at forty millions of dollars will be placed in Canada, and will be financed by the Dominion Government, is the first result of our trade commission.

Cattle Market Abroad.

There is such a scarcity of cattle throughout Europe, and the work of building up reserves is so slow, that we may expect a good market for some years to come. An admirable report by the Canada Food Board shows that, based on the number of animals to every hundred acres of farm lands, we are still at the bottom of the list as producers of cattle, sheep and hogs. That we should have only about one-fourth as many cattle per hundred acres as Holland or Denmark, and only about one-half as many as Great Britain or France, is not so strange as that we have not as many as the United States. Of Great Britain's immense requirements we supply only about three per cent. We do not count at all so far as sheep raising is concerned, and if, as is estimated, the world's supply of wool will not be normal for six years, the opportunity is evident.

Hog Production.

It is, however, our relative standing as a producer of hogs that is most surprising. We raise only 3 hogs per hundred acres of farm lands, against every 8 in the United States, 19 in Holland, and 22 in Denmark, and we supply

England with only ten per cent. of her requirements. To repeat the words of this report, "the enormous possibility for development of the Canadian live stock industry is apparent. Our farmers have much more capital than ever before, and we hope that not only a large annual supply of animals for the market will result, but much larger herds as the basis of supply."

Finance Purchasing Countries.

If we are to secure the increased production necessary to pay our debts and to prosper, we must recognize certain main points as essential to success. We must be able to lend money to many of the purchasing countries, a condition never present in our export trade before the war. We can readily sell at good prices the products of our farms and pastoral areas, and of our forests and mines. We can find good markets for the manufactured goods which appeared in our exports before the war; agricultural, traction and electrical machinery, paper, pulp, and other articles. For the time being, and we hope permanently, we can build ships, railroad cars and engines, for other countries as well as for ourselves. But we can only keep export trade permanently by a superiority over other manufacturing nations in at least some respects.

Water Power Asset.

We have at least one asset of great significance. We are possibly better supplied with water powers of great future possibilities than any other country in the world. Except in the Maritime Provinces and in one prairie province, we can provide almost every important industrial centre with hydro-electric power. In many countries possessing water powers their value as a national asset is prized so highly, that we may be left in the background if the problem of gradual development at the minimum of cost is not soon solved. This must be worked out on terms of equity both as to the proper distribution of such a priceless asset, and as to the rights of the private capital invested therein, with full assurance as to the sacredness of contract. We have more than once drawn attention to the necessity for industrial bureaus where some of the troubles of the manufacturers can be solved and for such investigations as those carried on by the Honorary Advisory Council for Scientific and Industrial Research at Ottawa. We are told that we have not in Canada a sufficient number of students available for research work, and this is no doubt quite true. It unfortunately reflects the inability of our universities because of quite inadequate incomes, to afford the opportunities for training and study which the conditions of our country demand.

Peace Problems

We can now start afresh with the problems of peace, conscious that greater effort is necessary for the future, but that we are able to do many things thought impossible before the war; that our war burden, heavy as it is, is lighter than that of several of the leading nations, and that with our small population and vast country we should be able to attract immigration more successfully than ever in the past. Our war debt, at least that part of it which is held at home, will not seriously interfere with our power of production. Our heaviest burden will still be the annual sum we must pay for interest on our debts to other countries. Because of securities floated in the United States during the war, this is now about 185 millions. If, therefore, living in our comfortable way, we could provide for our public and private improvements by loans at home, and export more than we import to a sufficient extent to enable us to pay this foreign interest, we should prosper and not feel the cost of the war too much. I am aware, however, that we have a small population and a great country to develop, that immigrants may come in large numbers, that railway building is far from being at an end, and that our credit will be good in all markets where money can be obtained. So that, although our Victory loans have taught our people to invest their savings in securities, and have made manifest an ability to absorb securities which has amazed us, we shall doubtless, as in the past, borrow abroad for our larger schemes of development and thus still further mortgage the future of this country. The wisdom of borrowing depends in each case upon the resulting gain in productive power, but as a rule we shall do well in the near future to look with suspicion upon loans obtained abroad, and to remember that the interest and amortization of such loans