

life, freely purchased by communities enjoying generous incomes whether from personal services or profits.

As the most widespread and highly speculative accompaniment of good times had been the dealings in urban and suburban real estate, especially in the western provinces, there was an immediate and effective check in this extensive line of speculation, followed by a very pronounced reaction in realty values which continued during the latter part of 1913, and was still very marked when the war broke out in 1914. There was at once a double reaction in economic conditions during the twelve months before the beginning of the war. First and most extensive, a reaction in purely speculative values; secondly, a shrinkage in the output of numerous industries connected with the supply of materials and equipment for the building of railroads, towns and cities, and the miscellaneous equipment, including internal furnishings, in thousands of public, business, and private buildings; lastly, and in consequence of the foregoing, there was a shrinkage in the supply of goods for the daily wants of a population which had been rapidly increasing in numbers and purchasing power.

In time, of course, in Canada as in other countries, there would have been a readjustment of employment. Many persons would have transferred from the cities to the country and from employments which furnished no immediate returns for the satisfaction of daily wants to those which furnished such supplies alike for domestic consumption and export. The war, however, was precipitated before this readjustment could take place. While there was much unemployment and consequent distress throughout the country during the winter of 1913-14, there was certain to have been much greater distress during the ensuing winter of 1914-15. The fact that the war burst upon the world while Canadian economic conditions were in this critical situation must be kept steadily in mind in attempting to estimate the