

In order to transport them to their inland destination 800 passenger trains of ten cars each, averaging 50 persons to each car, would be required. In the last two years we have added nearly 10 new people to each 100 people already in Canada taken as a whole, but as over half of these immigrants have gone to the western provinces, the proportion of newcomers to these provinces in the same period has been about 20 to each 100. The population of Saskatchewan has increased five-fold in ten years. Clearly this is proportionately the largest immigration problem ever handled by any country. In order to house, settle, and arrange transportation for these people, we must borrow very largely, and as long as such streams of newcomers continue we are likely to be borrowers on a large scale, at least for many decades to come. In the excess of imports over exports and in the volume of our securities sold abroad in order to settle that difference, one can clearly see the strain put upon Canada by this enormous accession of new people. The total of our foreign trade for the fiscal year ending March, 1912, was \$874,538,000. Our imports were \$559,220,000, and our exports \$315,317,000, the balance against us being \$243,903,000, and the figures for the half year ending September, 1912, show imports on an even larger scale. The imports of iron and steel in various forms from raw material to highly complicated manufactures amount in value to \$95,000,000. Almost all these articles are already being made in Canada but not in sufficient quantities, or not of high enough quality, to satisfy our requirements. It is to the last degree desirable that such articles should be made at home, and to the extent of say \$50,000,000 or \$60,000,000 they clearly should be. With the exception of motor cars and parts to the extent of \$7,387,000, and a few other items, the whole of this amount may be safely attributed to the erection of new structures or the opening up of new farm lands. It is this large difference between our exports and imports which causes us to send so many securities to the London market, and if it were true that we are offering too many securities it would mean that we are importing too many goods or exporting too little, or both. Doubtless, some Canadian securities are offered which should not have been created, and doubtless our imports are unwisely increased to some extent by the extravagance of an unusually prosperous people, but the main cause each year is the same. We need more than ever new mileage of railways, vast quantities of new rolling stock, warehouse and port facilities, municipal expenditures in hundreds of new towns and an enlarged scale of improvements in all the older municipalities, the building of ordinary roads, bridges, etc., in many new areas of settlement, the creation of plants for new industries and the general increase of existing plants throughout all Canada, the erection of private dwellings in greater numbers and of more permanent construction than in the past, and many others forms of betterment which need not be detailed. But while our needs are mainly measured by our immigration, we are apt to forget that it is the investor in our securities who has the power to determine finally the pace of our expansion. For every dollar we wish to fix in permanent improvements somebody should have saved a dollar, and at this extravagant moment the borrowers throughout the world exceed those whose savings take the form of loanable capital. It is for us therefore to consider not so much our needs as the opinion of the investor regarding our securities, and the condition of the world's money market. If we do this we must conclude to restrict our building operations as much as possible for the moment, and we must expect to pay a higher rate of interest for our requirements. Men with business experience before entering upon building operations, large or small, assure themselves that the needed money is available. It is only our municipalities and reckless promoters who incur large obligations before they are sure of the necessary investor in the securities they propose to offer. Many of our towns and cities who have refused to consult the banks find themselves embarrassed as a result, and improvements which may be wise and much needed must be postponed for the moment. The existing securities will doubtless be absorbed in the near future, but at lower prices than heretofore in order to meet the investors' expectations of a higher return. Our municipalities, however, should seriously consider whether during periods of such rapid expansion the tax rate should not be largely increased. In the days of western expansion in the United States 25 and 30 mills on a fairly high valuation of property were not uncommon rates. Again, should we not pay for local improvements in a far shorter time than we do? The west-

ern cities of the United States make their local improvements by the issue of short term securities, the average life of which is usually not more than five years. Such securities often carry six per cent. interest and do not appeal to the same class of investor as do long-term municipal debentures. We can easily see the bad effect on the credit of our municipalities of adding the heavy cost of local improvements, spread over long terms, to the ordinary general debt. Such a system as that followed in the United States would probably not find favor with the subdivision promoter because it would be a powerful check on all speculative real estate schemes. At least a year ago it became generally known that there were many Canadian securities in existence which had not been absorbed by the investor and that real estate speculation was proceeding at too rapid a pace. Undoubtedly the knowledge of these facts has exercised some restraint upon our people. Transactions in inside city properties have probably been larger than ever but the subdivision promoter has not prospered. Direct investments of British capital in agricultural lands to be resold have been made in both the east and the west on a large scale.

In common with the rest of the world we are living in a time of high prices, and the incidence of these prices on those who have fixed incomes or earnings is so heavy as to constitute the greatest economic difficulty we have to face. I shall not attempt to deal fully with a subject which is being studied by government commissions in many leading countries and which will, let us hope, be referred to an international commission. There are some forces which affect the general trend of prices, others which may cause any particular commodity to go above or below the line of the general trend, and again others which are local and produce such apparent anomalies as higher prices for foodstuffs in cities nearer sources of cheap production as compared with more remote centres of consumption. Without, therefore, discussing the effect of an enlarged and cheapened supply of gold, the enormous increase of credit partly made possible thereby, and the effect of many other forces causing a general upward trend of prices, we may profitably consider some local causes which put the people of Canada at an unnecessary disadvantage. One of the most powerful and inexcusable local causes for the high price of food is the condition of our country roads. It must be clear that if a farmer has to travel ten or twenty miles to a city to sell his produce, every hour of delay to himself and his horses and wagon, every bushel or pound less he is able to carry, every day lost in the length of the life of his horses and wagon, cause just so much increase in the cost of the article he has to sell. To the extent that this needless and cruel loss might, if avoided, partly add to the farmers' profits and partly lessen the cost to the consumer, the state of our roads is little short of a crime. If the bad roads around a city cause the price of food to be much higher than it need be, one of the results is to enable producers hundreds, perhaps thousands, of miles away to enter into competition with the farmer in his own county, because the cost in transit over one mile of bad wagon road will cover the cost over many miles of good railroad. This competition may help the consumer by keeping prices from rising still higher, but it will not bring the price below the point fixed by the extra cost from the bad local roads. It will not do any good for those of us who live in well-paved cities to blame the farmers for bad roads. They cannot be expected to build good roads entirely at their own expense, and good roads will not come so long as we wait for anything as unfair as this. It is not that we do not know how to construct good roads. We know fairly well what we should do, but we hesitate to do it. In the excellent report on Highway Improvements in Ontario for 1911 there is a sufficient abstract of the systems adopted by the various countries of the world and by thirty-three states in the United States; of these, that in use in the State of New York seems to be the most complete. Under this system roads are classified as follows:

- (1) State roads built at the entire cost of the state.
- (2) County roads to which the state contributes one-half, the county 35 per cent., and the township 15 per cent. For maintenance the state collects from the townships \$50 per mile per annum, the remainder being contributed by the state.
- (3) Township roads, to which the state contributes one-third of the cost of construction.

Can the people of Canada be made to realize that every man, woman and child suffers from the evil of bad roads whether they use the roads directly or not? Have we