

over \$1,000,000,000 in gold, as well as a large amount of securities, and had closed down her manufactures for export in order to produce munitions, and thus, after making huge loans to the Allies, she began to require those outside loans which are now roughly estimated at about \$5,000,000,000. Her loans to the Allies are supposed to balance the loans she obtained abroad, and we need have little fear that she will not very soon re-establish her supremacy in the field of finance throughout the world, great as are the difficulties surrounding her position. Committees are discussing every phase of her industrial and financial feature, and it is realized by her, as we wish it were in some other countries, that uncertainty as to the conditions which will surround her industries is the greatest of all enemies to progress. She will doubtless relax only slowly the regulations of trade and finance made necessary by the war, perhaps still rationing raw materials, reorganizing the priority of essential industries, supervising new issues of securities and checking the export of capital.

War Production.

We have endeavored during the war to give some idea, even if the information were fragmentary, of the scope of munition-making in Canada, especially the work of the Imperial Munitions Board. This year we have been anticipated by the excellent Government publication entitled "Canada's War Effort, 1914-1918," published not as a final record but as an inspiration for the "fifth year of the war," "the prelude of a greater effort still to come." That the work being done was beyond all expectation we felt to be our excuse for special reference to it, but few of us were prepared for the unstinted praise given by the Premier, Mr. Lloyd George, and by Mr. Churchill, shortly after hostilities ceased. Mr. Churchill telegraphed to Sir Joseph Flavelle as follows:

"As an armistice with Germany has now been concluded, I wish, as Minister of Munitions, to congratulate you, and through you all your staff, on the splendid work of the Imperial Munitions Board during the last three years. You have carried through a work of the greatest magnitude with uniform success and efficiency, and I wish to pay my personal tribute to the great ability, energy, and organizing power you, as chairman, have shown. Canada's remarkable output of munitions has played a large part in the munitioning of the British armies, and will remain a testimony to the high value of the work of the Board in this great struggle. . . . Before August, 1914, no Canadian manufacturer had ever made a shell or a cartridge case or a fuse, but already in the second half of 1917 it was producing 55 per cent. of the shrapnel shells, 42 per cent. of the 4.5 shells 27 per cent. of the 6-inch, 15 per cent. of the 8-inch, and 16 per cent. of the 9.2 inch shells used by the British armies. The Imperial Munitions Board, created in November, 1915, is an integral part of the British Ministry of Munitions, directly responsible to the Minister, and the British Government was financially responsible for all its expenditure."

Vast Orders.

We have already been told that the value of the orders placed in Canada on British account exceeded \$1,200,000,000, covering munitions, ships, aeroplane timber, and sundry war supplies, but it is more interesting to hear that actual cash disbursements had been made down to two months ago, amounting to \$1,075,000,000. Some of the material represented in these purchases is as follows:—

Steel forgings	\$75,600,000
Shells	68,300,000
In the production of these forgings and shells upwards of 2,100,000 tons of steel have been used, of which 1,600,000 tons were produced in Canada.	
Copper bands	73,600,000
of which 23,000,000 were produced in Canada.	
Fuses	29,000,000
of which 19,000,000 were produced in Canada.	
Powder	\$1,000,000 lb.

High explosives	75,000,000 lb.
Steamships built, under construction and under contract:	
Wooden	46
Steel	44
with an aggregate of 340,100 tons dead-weight and an aggregate value of	
Aeroplanes built	\$64,500,000
	3,000

In addition to this seven national plants were built at a cost of over 15 millions, the capital being largely written off already as part of the cost of manufacture. Acetic acid was being made in a plant costing over a million and ferrosilicon in two plants. Carbide was being shipped at the rate of 700 tons monthly. The Board arranged the purchase of timber in Canada for all purposes in Great Britain, private as well as Government. Of the special timber used in constructing aeroplanes in Great Britain, Canada supplied 40 per cent. How important this was may be gathered from the following statement telegraphed by the Controller of Timber:

"It is a notable performance. To have increased production to this extent is a great achievement. This increase should enable us to look forward with some confidence to being able to meet the requirements of the Aircraft Production Department during the year."

Some idea of the work of the Transportation Department of the Board may be gathered from the fact that the volume of inland traffic to and from machinery plants in 1917 was 1,600,000 tons, while 785,000 tons were shipped overseas.

It is interesting to record that, to the mutual advantage of both countries, as our equipment and organization had been released from the production of ammunition for Great Britain, orders were placed in Canada by the United States Ordnance Department.

Agricultural Supplies.

The expenditure for war supplies, apart from those of the Imperial Munitions Board, are more difficult to trace than last year. During the period of the war the Department of Agriculture bought, for the British Government, oats, hay and flour to the value of a little less than 100 million dollars, and before the war ended they had already begun to buy hay for the United States Government. The War Purchasing Commission recently undertook to supervise the expenditure of other departments, in addition to war disbursements, and these two cannot be readily separated, but altogether we can trace expenditures on war account of from 70 to 80 millions during the past year.

Except in this part of Canada few people realize what the work of the Royal Air Force in its six camps has meant in the successful prosecution of the war. Upwards of 20 millions have been spent on equipment and maintenance, and although it is a branch of the British service and not of the Canadian, we have the proud satisfaction of know that among those trained in these camps were 3,500 Canadian officers and 6,000 Canadian mechanics.

War Accomplishment.

It may be well to recall what we have accomplished during the period of the war in matters which have a bearing on our industrial and financial future. We have increased the deposits by the public in our banks, from July, 1914, to November, 1918, by 587 millions, of which 268 millions is of the interest-bearing or savings class. We have purchased securities issued by the Dominion Government and others amounting roughly to one billion four hundred millions, having regard to securities issued in Canada but since sold abroad, and securities brought back from foreign holders. The Dominion Government and the banks have lent to the Imperial Government at least 370 million dollars. We are also carrying on behalf of the Imperial Government a large part of the wheat crop of 1918. The circulation of bank notes has increased by 140 millions, of which, however, 127 millions is covered by deposits of gold or legal tenders in the Central Gold Reserve.

Balance Our Borrowings.

The issue of legal tender notes by the Dominion Government, not covered by gold, was at 30th November 221