

actual half-yearly profits would have justified such a course, yet conditions are still unsettled. Bankers have had to face a very considerable drain for depreciation, and, on the whole, it may be anticipated that most of them will prefer to allow their dividends to remain at the present level until they have had a little more experience of good profits.

THE FARMER'S CHEAP MONEY.

That the farmer, whether in the East or West, should be able to secure capital for farming purposes at reasonable rates of interest is a proposition which secures general assent. But difficulties begin to arise when it is sought to put the theory into practise. Of the various methods used in other countries, there are many variations, but broadly speaking, it may be said that they come under the heading either of co-operative banking or of loans at cost by the State. Of the possibilities of co-operative banking in a new country like Western Canada, a sceptical view can be expressed without fear of an accusation of prejudice. The demand for loans is so far in excess of the supply of deposits, and quite naturally so, as to render the success of any experiment on these lines highly problematical. There remains the alternative of Government action through some kind or other of administrative machinery—a policy upon which it would appear the Saskatchewan government is about to embark, and for the purposes of which it is now collecting information. A scheme of this kind, when it is got well under way, will presumably be a big affair and there is a preliminary point which deserves serious consideration. The amount of funds available in the international markets for high-class securities such as those issued by the Canadian provinces is limited. The fact is well known—is there any danger of the demand for these funds exceeding the supply? The point appears to have been overlooked by some of our municipalities and before any scheme of Government loans to farmers involving extensive financing is embarked upon, should, we suggest, receive ample consideration.

TIGHT MONEY AND THE MORAL HAZARD.

Fire underwriters are complaining that the losses of June and the present month to date have been unusually heavy. The fact is the more unwelcome since they look to this period of the year to recompense them in some measure for the heavy losses of the winter months. It seems not altogether improbable that this fact is in part the result of an increased moral hazard, owing to the monetary stringency. The report of Fire Chief Tremblay, of Montreal, shows an all-round increase in the activities of his brigade during the last six months in comparison with the corresponding six months of

1912. Fires in Montreal numbered 926 in the first half of this year against 766 in the corresponding period. That moral hazard increases in times of commercial quiet or depression is well-known, and the facts mentioned suggest that some movement of this kind is being felt.

CANADA'S TRADE WITH THE UNITED KINGDOM.

British Imports not Keeping Pace with Imports as a Whole—Trade Absorbed by the United States.

Interesting comparisons in regard to the United Kingdom's trade with Canada are contained in a newly-issued report by Mr. Hamilton Wickes, British Trade Commissioner for Canada. After referring to the enormous growth in Canadian trade during recent years, Mr. Wickes goes on to say:—

Considerable as has been the rise in the imports into Canada from the United Kingdom in the last sixteen years (\$87,000,000), it has not kept pace with the remarkable expansion in the total value of imports into the Dominion from all countries. During the period 1873-97 imports from the United Kingdom steadily declined from \$68,500,000 to \$29,400,000, i.e., from 53.5 per cent. (1873) to 24.6 per cent. (1897) of the total import trade. In the following year (1898) the value of imports into Canada from the United Kingdom showed an increase of \$3,000,000 (about £600,000), and has continued to advance annually since that year. In April, 1897, the Canadian Government inaugurated preferential Customs treatment for goods imported from the United Kingdom to the extent of one-eighth of the duties payable under the general tariff (since increased to an average of one-third), and it will be noted that imports into Canada from the United Kingdom began to show an increase in the year following, an increase which has been maintained without interruption year by year since that date. The expansion in the total imports into Canada began about two years before, i.e., in 1895-6.

A DECLINE IN PROPORTION.

Between 1896-7 and 1912-13 imports from the United Kingdom for consumption in Canada quadrupled in value; but, nevertheless, the proportion of imports from the United Kingdom to the total imports from all countries showed a decline of 7.3 per cent. Although there was actually a falling off in the United Kingdom's share of the total imports entered as dutiable between 1897 (the year in which a preference to British goods was granted) and 1913, the decline was not as great as in the case of imports entered as free. On the other hand, the United States improved their position both in dutiable and free imports. It should also be noted that during the last two years there has been a very marked falling off in the United Kingdom's share of dutiable imports. This decrease would appear to be due principally to a falling off in the United Kingdom's share of the trade in iron, steel, and other metals, and machines and machinery.

On the other hand, the figures of imports from the United Kingdom include, in later years, diamonds of considerable value (of which quite a proportion are unsold and taken back to England); settlers' effects entering free, and amounting to nearly \$5,000,000; Indian tea and raw wool accounting, approximately,