

were transmitted to Canada. In this there were only \$26,000,000 of gold, which was not more than necessary to meet the additional requirements of the increased note issues of the government and the banks. Most of the borrowings which were not transmitted to Canada served to offset the interest on the national debt, which for this period amounted to upwards of \$123,000,000.¹ The interest on the provincial and municipal debts on railway bonds and on many other corporate securities held in Britain had also to be provided for out of the borrowings, inasmuch as the exports were all offset in meeting only a portion of the imports.

In the course of the year 1912 a somewhat uneasy feeling began to pervade the financial world as to the possibility of the optimistic or speculative spirit having led to numerous doubtful or unwise investments. In consequence there ensued very generally throughout the world during 1913 a much more cautious spirit. This naturally applied more particularly to those countries where extensive new developments were taking place, and thus included Canada. The curtailment of investment was therefore felt in Canada to an increasing extent. The immediate result as reflected in Canadian experience was a shrinkage of funds for public and corporate enterprises, various government enterprises were checked, the western municipalities had perforce to curtail their expenditures, the railroads diminished their capital expenditure, and, as an immediate effect, quite a number of persons connected with the extensive enterprises previously carried on were thrown out of employment. A check was also put upon the immigration of those who sought employment in the cities. The secondary consequences of these primary conditions were revealed in a marked diminution in the business of furnishing materials and equipment of construction, as also in that of supplying both the necessities and luxuries of

¹ Public Accounts, 1916, p. 27.