

machinery of the world by which, before the war, all international and much of our domestic business transactions were carried on.

The only moratorium legislation put into effect in Canada thus far is in Manitoba and Saskatchewan. In Manitoba proceedings to enforce mortgage security on land are delayed for six months, while the period allowed for redemption is increased one year. The act does not affect trust deeds securing bonds, debentures or stocks. In Saskatchewan an act was passed giving wide powers to the Lieutenant-Governor for the protection of debtors, and these powers have been exercised by a proclamation extending protection to volunteers and reservists from all legal processes for six months, and by a further proclamation giving protection to all debtors against legal process under chattel mortgage, conditional sale or hire receipt, except with the approval of the sheriff.

In Ontario the Government have intimated their intention to introduce legislation requiring mortgagees and holders of similar securities to obtain an order from a judge before foreclosing, and giving the judge power in cases of great hardship to extend the time of payment. It is not intended to interfere with the collection of interest, rent or other debts of like character.

In Alberta a new act has been passed in connection with the proceedings for the foreclosure of mortgages and similar securities, but this is not in the nature of moratorium or other legislation caused by the war.

In this connection it may be well to say that the speaker has recently seen the returns of four large lenders by mortgage, the total principal of whose loans amounted to \$60,000,000. On these loans interest has been paid in the east with only a very trifling percentage of arrears, while in the west about 92 to 94 per cent. of all interest has been paid, either at the moment when due or within three months thereafter. Any one who can remember the conditions in the now rich Province of Ontario twenty-five years ago will think this a very good showing indeed.

In Saskatchewan there are now commissioners whose duty it is to look after the finances of the various municipalities in the province. It is interesting to learn that one company owning about fifteen million dollars in Canadian municipal bonds had at the end of the year only three town and three school section bonds, aggregating \$4,500 of principal, in default, and this temporary default had taken place since August, and has no real significance.

We have in each year remarked upon the condition of our foreign trade, partly because in the disparity between imports and exports the danger line of our expansion is most easily found. We have to sell securities to settle this difference and we have to pay the interest on these securities. Frankly, with the balance against us at March, 1913, of \$298,711,000, already referred to, we had gone far enough. The contraction in building operations and the general economy which had already begun helped to bring this debt balance down so that by March, 1914, it had fallen to \$171,620,000. The improvement, however, was caused by a reduction of only \$41,325,000 in imports, while there was an increase in exports of \$85,765,000. In these figures the export and import of coin and bullion are included. Heretofore it has not seemed worth while to adjust the official figures by leaving these items out, but during the half year ending September, 1914, the shipments of gold to Canada were so large as to render an adjustment imperative. The official excess of imports over exports for the half year was \$89,213,000, but omitting shipments of coin and bullion it was only \$64,022,000. From this time forward, imports should show a very great decline, while, because of high prices for grain, the carrying out of war contracts for the allied countries, and the general desire to sell all that is available and to buy nothing that is not a necessity, our exports and imports should in the near future more nearly meet than at any time since the early years of this century. This will be a highly creditable accomplishment, showing that without undue pressure we could in two or three years do what our unfriendly critics thought impossible, that is, adjust the very large trade balance against us. Of course, we have still our interest to pay, and this country, in order to meet the most conservative demands for development, must be a borrower for many years to come, but I think we need have no great fear of the future in this respect if we take sufficient care of our credit. During the year 1914, although the markets were only favorable at times, and, since the war, have been practically closed to us, we sold securities abroad amounting to over 225 millions.

As soon as Great Britain begins to buy any new securities other than war issues, she will buy ours, and meantime we must hope that the market for our bonds in the

United States will continue to grow. We cannot too often draw the attention of that country to the fact that when our foreign trade is analysed the net debit for the difference between our sales and our purchases is payable to them and not to Europe. If the war prevents London from buying our securities, either the United States must buy them or our great trade with that country must fall away, and the cry of "Made in Canada" would then have even a wider significance than it has to-day. During the year ending March, 1914, again omitting the figures for coin and bullion, we made purchases from the United States to the value of \$409,818,000 and we sold them goods to the value of \$178,282,000, so that with a net excess of imports from all countries of \$179,945,000, the excess in the case of the United States was actually \$231,536,000. Part of this is, of course, offset by the actual cash brought into Canada by settlers from the United States, part by investments made here by Americans, and part by the purchase of our securities, but it has mainly been settled in the past out of the proceeds of our sales of securities in London and on the Continent.

It is not possible to forecast the effect of the war upon our economic position, and we must be prepared to meet each new condition as it arises, but we can learn something from the events of the war, and gain courage or caution as a result. The cost of the war to Canada is already arranged for in London, so that no money is being withdrawn from Canadian money markets on that account, and to the extent of 60 per cent., representing that part of the war expenditure which is paid out in Canada, we obtain money in London with which debts abroad can be paid. The war has brought us military contracts and purchases of supplies on account of Great Britain, France and Russia, the amount of which has been estimated at much higher figures, but may safely be placed at about \$30,000,000; our exports are thus increased and a corresponding ability to pay debts abroad created. One estimate of the result of the war on our foreign trade places the annual value of the imports into Canada, the movement of which is either directly or indirectly affected because of the war, at \$110,000,000. We can gather from this some rough idea of the extent to which our imports will be restricted by inability to obtain the particular articles we desire. It is already clear, however, that reduction will also come from lessened imports due directly to lessened trade at home. On the other hand, exports will be enlarged in quantity and value by the foreign demand for foodstuffs of all kinds, and already the preparations for next year's crop exceed anything known heretofore. Less noticeable, but probably of great economic importance will be the result of the wave of economy which has swept over Canada, mainly an enforced economy, but affecting all alike whether incomes are reduced or not. The effect of the careful use of food alone, the realization of the value of a bit of unused land as a garden plot, the little or great increase in production of almost every farm in Canada, east and west, the willingness to wear out old clothes and to put off the purchase of all luxuries—no matter how desirable—the cry for goods "made in Canada," and the slow but gradual realization that every unnecessary import may be a wrong to Canada even if the purchaser himself can afford it—all of these things must, taken together, materially increase our financial ability to bear the strain of the war. On the other hand, many of our greatest industries are working on short time, or are practically closed down, our railroad earnings speak eloquently of the contraction of business, men are not thinking so much of making money as of conserving their position for better times, unemployment as a problem faces us as rarely before, and the daily newspaper makes it impossible to forget that our material affairs are a secondary consideration while we rest under the vast shadow of the war.

The clearing-house returns are, as usual, full of interest. For 1912 we had to record the highest figures reached up to that time in our clearing houses—\$9,146,236,000, a gain of 23.74 per cent. over the figures of 1911. In 1913 there was still a gain, but one of only 1.27 per cent., and there was a decline in most of the western cities. This year there is a decline in every city except one, the total for Canada being \$8,070,120,000, a reduction of 12.87 per cent. It will be seen, however, that the figures for 1914 are still well in advance of those for 1911.

We continue our figures for the building permits of the four leading cities:

	1911.	1912.	1913.	1914.
Montreal . . .	\$14,580,000	\$19,642,000	\$27,032,000	\$17,619,126
Toronto . . .	24,374,000	27,401,000	27,038,000	20,672,498
Winnipeg . . .	17,550,000	20,478,000	18,621,000	12,160,960
Vancouver . . .	17,652,000	19,388,000	10,423,000	6,484,476