

Borrowings and their Use.

Timid souls there may be in our midst, who deprecate any increase in the country's borrowings during a year when national revenues have been falling and industrial development marking time. But—while there has rightly been a call for hard-headed reckoning and paring away of extravagances, private, corporate and public—the past year has been no time to cry halt in undertakings essential to the business and national progress of the Dominion. THE CHRONICLE has again and again emphasized the principle that the main consideration with regard to our use of capital from abroad must be assurance of its expenditure, with due economy, in enterprises that give promise of adequate future returns.

The continuance during 1908 of government and corporate activity—in railway building more especially—has not only afforded necessary provision for the country's future needs, but has incidentally done much to keep trade conditions normal and inspire courage in the business world. In addition to the pushing forward of the Grand Trunk Pacific, important construction has been carried on by the Canadian Pacific and the Canadian Northern. Some 1,300 miles of track have been laid during the past twelvemonth.

Buying and Selling Abroad.

Canada is, first and foremost, an agricultural country. This is brought strongly to mind by the recent estimate of harvest values issued by the Census and Statistics Office at Ottawa. An area of 27,505,663 acres of field crops throughout the Dominion yielded wealth computed at \$432,533,000 during 1908. The increase of nearly eight million dollars in the value of domestic exports during November, as compared with the corresponding month in 1907, indicates something of the trade importance of the year's crop. While only moderate in parts of Eastern Canada, the harvest was abundant for the country as a whole. And comparative grain shortage in Europe ensures favourable prices until the last dollar's worth of surplus is shipped.

As remarked a week ago, it is no bad basis for general business development during 1909 that Canada has lately been selling more largely than it has been buying abroad—as indicated by a November excess of about seven million dollars in domestic exports over imports. Economy in purchases from abroad has characterized Canadian trade during the past year—the decline in the value of imports having been between 25 and 30 per cent. from the 1907 showing. But to argue from this that general business activity was one-quarter less than during 1907, would be wide of the mark. In the first place, lowered prices as well as lessened quantities must be considered as affect-

ing the total value of imports. More important still, it is to be borne in mind that manufacturers and importers gradually worked off accumulated stocks, importing as little as possible until harvest outcome was assured. It was for this reason, apparently, that October showed a nearer approach to 1907 records than any preceding month—importers finding it necessary to "stock up" their somewhat depleted shelves for a brisk Christmas trade.

During the year as a whole, daily business in Canada did not fall off to nearly the extent that foreign trade returns might indicate. Bank clearings were almost within 5 p.c. of the 1907 record, being helped somewhat by autumn stock market activity. The bank note circulation in no month of the year fell more than 10 per cent. below the volume outstanding during 1907. In which connection it is to be remembered that the increase in the number of bank branches tends to a more prompt return of currency to the issuer; so that every dollar outstanding now does more work than ever before. Commercial bank loans in Canada have shown a curtailment of less than 10 per cent. during the past year, if to the item of current loans and discounts there be added that of loans to other banks secured—the increase in the latter item being chiefly due to the taking over of the Sovereign Bank's business by other institutions. That trade recovery during the last three months of the year was not more explicitly evidenced by bank loan showings, is largely to be accounted for by the circumstance that several long-standing municipal and corporate loans were liquidated with the proceeds of security issues placed abroad.

The Outlook for 1909.

Compared with that of a year ago, the New Year outlook for Canada has in it nothing of discouragement. No trade "boom" is in sight, or to be desired. But, on the other hand, Canadians have not the sense of disappointment so largely felt across the border, where a break in artificial stock market prices revealed the fact that actual autumn quickening of trade had been noisily over-estimated by "prosperity clubs," yellow journals and stock market manipulators. In Canada, trade recovery has been proceeding more rather than less steadily because of the general caution with which it has been accepted. Funds originating abroad are still being supplemented by economies at home, and are swelling resources available for the country's continued development. While, as remarked a week ago, banking prospects of immediate profits may not be over-bright under such conditions, the longer outlook has in it the fullness of encouragement.