movement of merchandise both ways, the prospect of a change in fiscal relations has a decided tendency to restrict commercial activity during the period immediately preceding the announcement of the details of the changes agreed upon.

In Canada conditions in the money market are about the same as a week ago. So far the relaxation of the local money markets expected in January has not occurred. Call loans are still quoted 5½ to 6 p.c.; and the banks are still subject to large demands from their mercantile clients. However, the mercantile and industrial classes are beginning to admit that depression in the States will have its effect upon us. Canada also is much in need of lower prices for commodities of all kinds and of a large supply of less costly labor. The cost of railway building and of all kinds of construction is oppressive, and our progress in the future will be more satisfactory if we get these items of cost down. Of course, the process of readjustment is always unpleasant. And if it turns out that we have to face it there will be plenty of loud complaints.

THE CANADIAN BANK OF COMMERCE MEETING.

The address of Sir Edmund Walker at the annual meeting of shareholders of the Canadian Bank of Commerce at Toronto, on Tuesday, was a notable addition to a series of annual surveys of Canadian affairs, whose value has long been appreciated by all intelligent observers of the Dominion. It is possible, even in Canada, to take the parochial view; to be so absorbed in existing developments and present prosperity as to neglect the wider opportunities and be oblivious of present shortcomings, and it is, perhaps, not the least of the merits of Sir Edmund's annual addresses that they bring home sharply aspects of conditions in the Dominion, which are apt, in the everyday bustle of affairs, to fall out of sight.

A polished essay of this kind naturally requires thorough perusal as a whole. It includes a close analysis of the condition of affairs in every province of the Dominion from the Atlantic to the Pacific, and interesting surveys of the position in the United States and Mexico. For the wealth of authoritative and well-arranged facts contained under these headings, the address deserves and will undoubtedly obtain, close study, but there are also other notable passages, to which we propose to call attention, which are particularly valuable in their suggestions of the wider outlook, and, coming from so eminent a leader in the Canadian banking and business world, demand consideration of a serious kind.

First among the circumstances which Sir Edmund Walker finds are not satisfactory in the present great prosperity is what may be briefly summed up as the lack of economy. Great Britain, as he explained, is a country which can afford to import much more than it exports because the world owes it annually an enormous sum for interest and other things, for which it must, of course, take payment mainly in merchandise. The United States is a country which should export annually about $500,000,000 more than it imports in order to pay for interest, and for the money drawn from the country by permanent absentees, tourists, emigrants to Canada, etc., and because it cannot afford to increase its debt to foreign countries, having already about 100,000,000 people and a scarcity in many raw materials. Canada is one of the new countries which is entitled to and which must, during its period of rapid settlement, import more than it exports. The difference is met, however, by debt obligations, which must some day be paid.

The question, then, as to how much we should go into debt is the same which confronts the individual in trade, but the considerations are so large and so complicated that it is hard to know when we are wise and when unwise. What is certain, however, is that when a man is in debt he should live sparingly, not extravagantly, and that if, with the money he has borrowed, he has put himself in the way of making a product with which he hopes to pay his debt, he should strain every nerve to make and sell as much of that product as he can, in order to reduce his indebtedness to the lowest point possible. Now Canada is somewhat like a man who, having a rich inheritance in land, borrows to develop it, and, confident of its future value, spends freely for his present gratification, while he does not make effort enough to create the needed present revenue from his property.

Sir Edmund goes on to point out that during the last fiscal year, our imports from the United States at $237,693,000 were larger than ever before and almost twice the amount of ten years ago. Our exports to the United States at $113,145,000 were a trifle less than in 1908. The sum we had to pay in money to the United States, was, therefore, $124,548,000 or more than two and a half times the amount we had to pay ten years ago. This money, Sir Edmund explains, was obtained partly from the surplus in our exports to Great Britain, partly from the sale of securities in Great Britain and Europe, and to a small degree from investments in Canada coming from the United States and the wealth brought in by settlers from that country.

It is clear that if we chose we could largely increase our exports. We know that in almost all parts of Canada the majority of farmers produce very much less wealth per acre than would be possible with greater effort and with the necessary labor available. The farmer who has no mortgage or other debts, who finds labor extremely hard to obtain, whose standard of comfort is fixed, and who is no longer young, cannot easily realize that he has any duty to the State which he does not perform, nor can any pressure be brought to bear upon him except by friendly argument and practical illustration. The fact remains, however, that, because the farmers as a whole do not produce more, our debts to other countries for national expenditure made in anticipation of future development are more burdensome than is necessary.

The remedy for this condition of affairs, in Sir Edmund's opinion, is to be found in the popularization and wider practice of scientific forms of