In fact, the investment of so much borrowed capital in either non-productive or but slowly productive forms means the creation of a great demand in the country itself for domestic supplies, such as all forms of food, lumber, coal, and other native products which would normally be exported. It means also a great increase in the demand for foreign imports in the way of food, clothing, implements, and general supplies which are not produced within the country.

When we turn to the statistics of Canadian trade for the decade of expanding immigration, great borrowing of capital for railroads and other public works, the building of new towns and cities and the expanding of older ones, we find that practically all of the borrowed capital from abroad came to Canada in the shape of imported goods. The excess of the import of bullion over its export was not more than sufficient to meet the normal needs for an increased reserve in specie to offset the normal expansion of paper currency required to meet the needs of an increased trade. Thus we find that, for the decade between 1903 and 1913, imports increased from $241,000,000 to $692,000,000, while exports increased only from $225,000,000 to $393,000,000, the former being an increase of 187 per cent, while the latter represented an increase of only 97 per cent.[1]

In 1899, for the first time in five years, the imports exceeded the exports, but it was not until 1903 that the average imports gained an ascendency over the exports. That year they did so to the extent of about $15,250,000. Thereafter the imports had decidedly the ascendency and by 1913 the excess of imports had extended to $298,750,000 for that year. During the decade the accumulated excess of imports over exports amounted to $1,164,000,000.[2] This excess of imports represented practically that portion of our borrowings abroad which

[1] Report of Trade and Commerce, 1916, Part IV, p. 50.
[2] *Ibid.*