WEALTH FROM CANADIAN PRODUCTION

What is Back of Our War Loan—Our Production Has Doubled Since 1908

There is substantial wealth and excellent credit behind the Canadian government's war loan The value of production in Canada last year from field crops, forests, mines and fisheries was approximately $1,204,029,350, compared with $1,182,908,671 in 1915. The details for the two years are as follow, the figures for 1916 being necessarily to some extent an estimate of *The Monetary Times*, but well within the mark, as our previous estimates have shown:—

	1915.	1916.
Field crops	$ 841,669,500	$ 808,029,350
Forests	172,880,000	190,000,000
Mines	137,109,171	170,000,000
Fisheries	31,250,000	36,000,000
	$1,182,908,671	$1,204,029,350

Production Nearly Doubled Since 1908.

The value of production (field crops, mines, fisheries and forest products) each year since 1908 has been as follows:—

	Total.
1908	$ 703,590,000
1909	816,274,000
1910	701,085,000
1911	901,709,000
1912	909,358,000
1913	907,311,000
1914	975,380,006
1915	1,182,908,671
1916	1,204,029,350

The value of manufactured products last year is estimated at $2,000,000,000, compared with $1,392,000,000 in 1915, $1,400,000,000 in 1913, and $1,110,000,000 in 1910.

CONVERSIONS WILL PROBABLY BE SMALL

Canada's third domestic war loan is not convertible into future issues. This privilege was given in the first war loan but was not included in the prospectus of the second loan.

The conversion clause in the first prospectus was as follows:—

"In the event of future issues (other than issues made abroad) being made by the government for the purpose of carrying on the war, bonds of this issue will be accepted at the issue price 97½, plus accrued interest, as the equivalent of cash, for the purpose of subscriptions to such issues."

The privilege of converting the first into the second war loan was not extensively used in September last. In the case of 68 of the many subscriptions to the second war loan reported to *The Monetary Times*, in which the actual new cash subscribed was $24,002,000, plus $1,735,000 of old bonds converted. Roughly, that is equal to $2,000,000 of converted bonds for every $24,000,000 of new money, if these 68 subscriptions were a fair reflection of the general results. In that event, the full subscription of $100,000,000 of the second loan would have brought with it approximately $8,000,000 of converted bonds in addition.

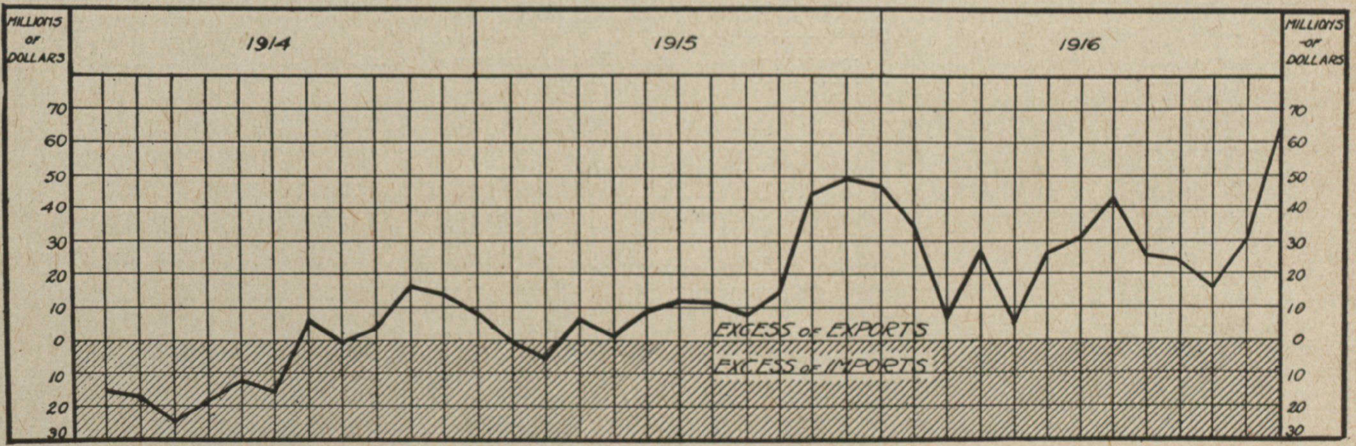
Only a comparatively small amount of the first loan is likely to be converted on this occasion. The bulk of the conversions is likely to be made up of the holdings of institutions who desire to secure a long-term security with wider markets. The present loan is for $150,000,000, exclusive of conversions.

The holders of Dominion of Canada debenture stock dated October, 1916, also have the privilege of surrendering at par and accrued interest, as the equivalent of cash, in payment of any allotment made under any future war loan issue in Canada other than an issue of treasury bills or other like short-date security. Of this stock, which is issued for war purposes only, $6,609,500 had been sold to February 22nd. Much of this is likely to be converted into the new war loan.

The war savings certificates issued by the government are not convertible into war bonds. Of these, $2,455,000 had been sold to February 22nd.

Remarkable Change in Our Trade Balance

From an Unfavorable Balance of $275,000,000 in 1913 to a Favorable One of $345,000,000 at the end of 1916—War Orders Have Helped to Effect the Change.



The above chart shows at a glance the remarkable change in Canada's trade balance since the war. In December, 1914, the unfavorable balance for the year was $53,000,000. In 1915 it had changed to a favorable balance of $202,940,000, and in 1916 to $345,713,000. In September, 1913, the unfavorable balance was $275,000,000, so that since that date, the balance has improved to the extent of $620,000,000, and at the end of 1916 was $345,713,000 in our favor. These figures represent merchandise only; they do not include gold and bullion.

Preliminary trade statistics for January last indicate continued improvement in our trade returns. The following table shows the exports of Canadian produce for that month compared with January, 1916:—

	1917.	1916.
Mines	$ 6,836,464	$ 4,654,815
Fisheries	2,784,824	2,437,715
Forest	3,695,352	3,243,360
Animals, etc.	11,745,761	10,203,827
Agriculture	22,550,924	15,402,976
Manufactures	50,814,082	47,015,283
Miscellaneous	678,852	773,208
Total	$99,106,259	$83,731,184