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EXCESS OF IMPORTS AND NATIONAL FINANCING.

The near approach of the time when the Dominion Government will be obliged to enter the London market as a large borrower, gives additional interest to the figures of the national finances and of the foreign trade. Taking the latter first, it is seen that the imports for the fiscal period of nine months to 31st March, 1907, amounted to $249,717,413 while the amount of exports for the same period was $192,087,233. The excess of imports shown was, therefore, $57,630,180, or at the rate of about $77,000,000 per year.

The figures for April, the first month in the new fiscal year, are now available; and they show an even more striking tendency to excess imports—the imports being $27,674,865 as against exports of $10,104,305. The excess for the month thus amounted to $17,570,560. Compared with last year the April imports increased $4,628,226 while the exports decreased $3,504,455.

The decrease in the exports is, of course, largely due to the lateness of the spring and inadequate transportation facilities. As for the rapidly growing imports, however, it is well known that they are caused, to quite a considerable extent, by the activity in railroad construction and by the generally buoyant trade conditions. Already these have resulted in throwing a severe strain on the credit institutions. It was inevitable that the condition of business in the Dominion should result in bringing to pass a great increase in the import of foreign goods. The banks have found, as their monthly returns abundantly show, that it is somewhat of a more difficult matter to finance the country's trade and industry when so large a proportion of goods brought from outside is to be paid for.

In the matter of duties collected, or government revenue, the growth of the imports has been of much assistance to the Dominion's finances. For the nine months the amount of duty collected was $40,196,085 being an increase of $6,338,227 over the corresponding period of the previous year.

This increase in the collections has served to materially strengthen the Government's hands in dealing with the loans maturing in London. It has enabled the Treasury officials to retire some of the bonds that have come due, and to extend the remainder on favourable terms.

In the next two or three years, however, financial operations of a more difficult kind will be necessary. It is usually easier to provide for the renewal of an existing loan than to arrange for a supply of altogether new capital. And to carry out its obligations in connection with the National Transcontinental Railway the government will have to ask for considerable sums in new capital.

Though it is conceivable that the present tendency of very heavy importations might continue indefinitely, thereby providing the Treasury in Ottawa with large increases of duties collected therefrom, it is not altogether clear that the task of the ministers in providing the necessary funds for the extraordinary capital expenditures, over a term of years, would be lightened if our imports continue to expand so very rapidly. When the great London and foreign financiers are approached for large loans of this kind they are accustomed to take into account the state of trade and commerce in the countries that apply to them, as well as the financial position of the governments themselves. For example, if it turned out to be the case that Canada was overstraining her credit machinery in trying to finance what might be called over-importations of goods the fact would be noted by the financiers as a sort of off-set to the flourishing condition of the Government finances produced by the heavy covering into the Treasury of the duties collected.

Another thing to be remembered in this connection is the peculiar state of this year's wheat crop. It is tolerably plain, already, that there will be a reduction in the Western acreage because of the unfavourable seeding time. It it not yet clear whether the increase in the price likely to be received will suffice to reimburse us for a possible falling off in the quantity of our wheat exports. If it does not, it is quite clear that the effect will tend to bring about a further increase in the excess imports and, consequently, in the burden of financing our foreign trade.

Taking all these things into consideration it is quite within the range of possibility that, when the time comes, in three years, for the next revision of the Bank Act, conditions may be such as to tempt the Government to use the opportunity to provide a wider market in Canada for issues of government bonds. If this turns out to be so it is to be