

Section 3.—Principal Events of the Year 1931.

Finance.—The heavy expenditures undertaken in 1931 and in prospect for 1932 for farm and unemployment relief and the anticipated inability of the Canadian National to earn its bond interest, resulted in the decision of the Government to offer for subscription a new loan, known as the National Service Loan, of \$150,000,000 bearing the interest rate of 5 p.c. on Nov. 23, 1931. Subscription lists closed on Nov. 30, at which time the loan was oversubscribed to the extent of 40 p.c. No more conclusive evidence of the financial stability of Canada could have been desired, for following within an interval of a few months the conversion of \$650,000,000 of Dominion Government bonds at a lower rate of interest and in the light of general conditions with which Canada, along with all other countries, was face to face, it showed the unshakeable faith of Canadians in the future of this country at a time when some manifestation of confidence was most desirable.

Trade and Commerce.—The wheat situation in Canada became very critical in 1931. The drastic decline in the price of wheat, brought about largely by Russia's re-entry into the world market, combined with inability to market the remainder of the large crops of preceding years, still in storage, found Canada with a large wheat producing and marketing organization and a very considerably restricted market. The Wheat Pools found themselves in financial difficulties which resulted in the reorganization of the Pools as co-operative elevator companies only. In April 1931, the Dominion Government decided to probe the effect of futures trading on the price of grain and a Royal Commission was appointed for this purpose. Sir Josiah Stamp was Chairman, and Sanford Evans and Chief Justice J. T. Brown members; their report was tabled in the House of Commons on June 4, 1931. The Commission found "that the practice of 'hedging' in the grain trade tends, by spreading the risks of the traders, to get a better price for the grower" But while the Commission thus found in favour of futures trading, it was recommended that an officer representing the Government be placed on the Exchange to officially watch proceedings.

Early in 1931 the Government imposed, by Order in Council, an embargo upon Russian goods entering Canada. The reasons for the embargo were the conditions under which Russian goods were made and the methods adopted by the agents of Russia in carrying out their plans and operations in Canada.

The Canada-Australia trade pact was tabled in the Parliaments at Ottawa and Canberra on July 13, 1931. Canada was granted the British preference on a very wide group of items. In August the Minister of Trade and Commerce announced that discussions towards a trade treaty with New Zealand were proceeding, and in September it was announced that a trade treaty with South Africa was being considered. The trade treaty with New Zealand was advanced by a Conference between Hon. H. H. Stevens and the New Zealand Minister of Finance and Customs, held in Honolulu towards the end of the year; the text of the agreement was tabled April 27, 1932 and the treaty came into being in May, 1932.

The events following the suspension of the gold standard by Great Britain (Sept. 21, 1931), her balancing of the budget by drastic increases in all forms of taxation and the return of a National Government to power have been constructive from an inter-Empire trade standpoint. One of the earliest actions of the National Government was the abandonment, at least temporarily, of Britain's historic free trade position. The Abnormal Importations Act, a temporary emergency measure passed in November, 1931, to allow time for a stable tariff policy, imposed duties