

THE GUARDIAN

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"The Strongest Memory is Weaker Than
the Weakest Ink."

CHARLOTTETOWN, WEDNESDAY, DEC. 22, 1946

Many Excuses

The Federal Government is being adversely
criticized for not participating with R.C.A.F.
planes in the air lift at Berlin.

The range and variety of excuses, given
both officially and by "informed sources," can
best be appreciated if they are listed. Here is a
partial list:

- 1. Canada has not been asked.
2. The need for the airlift will not be long.
3. Canada has no "status" in Berlin. It is
not one of the occupying powers. Canada could
not explain its presence legally.
4. Canada's presence in the airlift might
be provocative. The Soviet Union has a special
grudge against Canada (presumably because Can-
ada uncovered its spies). Canadian planes might
be singled out for retribution, with resulting em-
barrassments.
5. Canada could not participate until the
matter has been debated in the Security Coun-
cil of the United Nations.
6. Canadian planes are of a different type
(requiring different replacements) than those
being used in the airlift. This might only com-
plicate the operation of the airlift.
7. Canada would have to place its planes
and its crews under the command of some other
power. This is opposed to Canada's policy.
8. France, Belgium and the Netherlands
are not taking part in the airlift.
It is relevant to point out that South Africa
and Australia are both taking part in the air-
lift. But all but one of these eight reasons would
seem to apply to them with equal force. Yet
somehow they are in there, all these difficul-
ties notwithstanding. Perhaps, like Mr. Clax-
ton, they know that "it is better to stand to-
gether than to fall separately."

Newfoundland Finances

Newfoundland enters Confederation with a
cozy nest-egg: she will be allowed to retain her
war-time surplus, estimated at between \$25,000,000
and \$30,000,000, provided no part of it is
used to subsidize Newfoundland's provincial pro-
ducts in competition with similar products from
other Provinces.

With one important exception, the terms
recently signed wear substantially those outlined
to the Newfoundland delegates in October, 1947.
The exception is the amount of transitional grant
to be paid by Ottawa during a twelve-year ad-
justment period. The original transitional grant
totalled \$26,250,000, payable at a rate of \$3,500,000
during each of the first three years after
union, and diminishing thereafter at a rate of
\$350,000 a year. The new agreement adds \$16,500,000
to the original \$26,250,000. The first
three payments will be \$6,500,000, declining
thereafter at a rate of \$850,000 a year, until
the ninth year, when the rate of decline will drop
to \$350,000 annually. The total transitional
grant will now be \$42,750,000.

The other financial terms are essentially
those of last October. The Dominion will take
over \$63,000,000 of the island's \$72,000,000 public
debt, this amount representing an estimate of
the cost to Newfoundland of the assets which
the Dominion will assume. These include the
Newfoundland railway and steamship service,
postal services, customs and excise, navigation
and shipping aids, marine hospitals, the New-
foundland broadcasting corporation, and avia-
tion services, among them Gander airport, upon
which Canada has already spent \$30,000,000.

Newfoundland will also receive the follow-
ing statutory subsidies:

- (1) \$180,000 and 80 cents per head of popu-
lation annually;
(2) \$1,100,000 annually, payable under the
same terms and for the same reasons as similar
payments are made to the other Maritime Pro-
vinces.

The island will be entitled to enter the
taxation agreement with the Dominion, provided
action is taken within nine months after union,
or by the end of 1949. An estimate of the pay-
ments receivable under such an agreement placed
the figure at \$6,000,000 annually.

No estimate has been given of probable
revenues accruing to the Dominion as a result
of union, nor were figures made public covering
probable federal expenditures. Such estimates
were provided, however, in the 1947 terms of
union, assuming conditions similar to those pre-
vailing at the time. Federal revenue was esti-
mated at slightly more than \$20,000,000, of
which \$7,500,000 would come from corporate
income tax, and \$4,000,000 from the general
sales tax.

Expenditures, excluding the transitional
grant, debt charges, capital expenditures of any
costs in respect of the Newfoundland railway,
were estimated at between \$26,000,000 and \$27,000,000, of which \$8,350,000 would be for fam-
ily allowances.

One unofficial estimate suggests that the
future provincial legislature of Newfoundland
will face an annual deficit of between \$3,000,000
and \$4,000,000, unless new taxation is im-
posed. Since the greater part of present New-
foundland revenues are obtained through taxa-
tion sources which will be a Dominion responsi-
bility after March 31, any estimate of the exact
financial position of the island is difficult to
make.

EDITORIAL NOTES

Pilgrims landed at Plymouth Rock, this date
1690.

For the third time in succession the Federal
Government has made no recommendation to
the King for the bestowal of New Year honours
on Canadians.

Pity the poor postmen and rural couriers
these days, the heavily laden bearers of good
news to thousands of homes.

McGill University has free medical service
for students but it costs money to avoid taking
advantage of it. Students who skip appointments
are assessed \$2 the first time, \$5 the second.

Britain's four year plan for economic re-
covery depends heavily upon increased purchases
by the Western hemisphere nations, not only of
her own products but of those of her customers
in the Eastern hemisphere.

Forced by her extensive territory to go in
for aerial surveying, Canada might well become
surveyor to the world. An R.C.A.F. contract to
map the United States, for instance, would
practically solve the dollar problem.

Keeping the roads open in spite of drifting
snow is one of the biggest problems of our Pub-
lic Works Department but success not only
brings its reward in gasoline tax collections but
in the real contribution to our general prosperi-
ty.

George Eliot (Mary Ann Evans) English novel-
ist and poetess died this date 1880. Her place
is among the greatest writers of English fiction.
She excelled as a painter of middle class life
and character, and her work is marked by much
pathos and humour: "To manage men one ought
to have a sharp mind in a velvet sheath . . .
one must be poor to enjoy the luxury of giving."

The forthcoming union with Newfoundland
will give Canada a problem which she has been
at pains to avoid in the past. The R. A. F., for
instance, was obliged to leave the control of
Canadian located units in Canadian hands.
American bases in the Old Colony, however,
are under U. S. command, and according to a
recent American ruling their own laws will be in
force.

The result of the Federal by-elections seems
to have satisfied everybody. Mr. Drew is delig-
hted with having been returned for a Tory seat
without Liberal opposition. Mr. St. Laurent re-
joices that Mr. Garson has been elected without
Conservative opposition; while Mr. Caldwell is
satisfied both contests provided opportunities for
the public in general to learn something of
C.C.F. principles and policies. The Social Cred-
itor and Republican defeated candidates made
no comment. The true testing time will be,
when Parliament is dissolved after next session.

The Rt. Hon. Herbert Morrison, Lord Pres-
ident of the Council in the British Government is
a whole-hearted believer in the necessity for a
Public Press. "If there were no newspapers,"
he says, "the British constitution would be miss-
ing a vital element and we could not function.
Between public opinion, the Press and Parliam-
ent, there is a mutual exchange, even with a
clash of ideas, and it all goes to make up
the cast of our democracy." With the recogni-
tion of its importance, called Mr. Morrison, went
the responsibility of reporter, sub-editor and pro-
prietor to be factual and impartial in the pres-
entation of news.

Lower prices and increased buying power
for the Canadian wage earner's dollar cannot
be brought about by reviving rationing, price
controls and subsidies, stated Mr. Joseph Lister
Rutledge, Chairman of the Canadian Unity
Council, in commenting on statements that have
been made in Federal by-election campaigns.
"A look at the record of wartime emergency
controls on this continent and the long-term his-
tory of the 'planned economy' countries shows
that the only answer to the problem of inflation
is increased production of goods," he declares.
"In the past ten years Canada's national in-
come has climbed from five to fifteen billion
dollars a year," Mr. Rutledge points out. "The
average hourly wage in 1939 was 44.3 cents per
hour and this year it is more than double that.
The government's cost-of-living index shows
that we have to spend \$1.60 today for what
we bought in 1939 for a dollar. From that it is
obvious that there is inflation in Canada, but
price controls and subsidies that make taxes pay
part of the cost of consumer goods would be
merely an attempt to hide this inflation, not to
cure it."

The Christian way of life is simply and
beautifully set forth in a booklet entitled The
Wells Our Fathers Digged: Being Extracts from
Sermons of the late Canon E. A. Harris, D.D.,
Mahone Bay, N.S. Printed for private circulation,
the booklet carries an introductory note, stating
that the material was selected from sermons
dating from the early days of Canon Harris' min-
istry, found in an attic in the rectory of St.
James' Anglican Church, Mahone, after his
death. Born in Charlottetown in 1861 the late
Canon Harris, who leaves many relatives here,
graduated from King's College, Windsor, in 1884
and was ordained deacon in the same year at
Halifax and priest in 1885. From college he
went to the parish of St. James, Mahone, as cur-
ate to Rev. W. H. Snyder, whom he succeeded as
rector in 1889; and there he labored until his
death on Nov. 7, 1931. His body was laid to rest
in the family plot in St. Peter's Cemetery, Char-
lottetown. The extracts from his sermons will
be read and appreciated by everyone who is fortun-
ate enough to possess a copy, as they reflect not
only the deep religious faith of the author, but
his wide sympathies and capacity for interpret-
ing nature and human impulses.

PUBLIC FORUM

This column is open to the
discussion by correspondents
of questions of interest. The
Guardian does not assume
responsibility for the opinion
of correspondents.

NEW ZEALAND PENFRIENDS

Sir, — I have had many
requests for penfriends from
New Zealand. I was hoping
that you would help me in ob-
taining a list of boys and girls'
names who would like penfriend-
ing in New Zealand. Ages rang-
ing from about nine to seventeen years.
I am, Sir, etc.,
NORAH LOBIN
Children's Editor
(New Zealand Newspapers Ltd.)
Christchurch,
New Zealand.

RURAL MAIL COURIER

Sir,—Through the medium of the
Public Forum of The Guardian, I
should like to mention a matter
which is of much importance not
only to Rural Mail Couriers like
myself but to every patron along
the short or lengthier routes
which we serve. This reaches out
to take in the most isolated farm-
house on some lonely by-road,
where we must do our best to deliver,
daily—except Sunday and on time,
in sun and shower, in heat and
cold all matter that makes up His
Majesty's Mail. This, then, is mine
and many another's cause for dis-
satisfaction and complaint in the
more recent years: Why do Rural
Mail Couriers not receive a decent
living wage? Since all Postal em-
ployees have benefited by increases
in pay at different intervals, why
did this not include Rural Couriers?
It is certainly not because we
would not well earn it! Every-
one must easily recognize that con-
ditions in which we must contend
in our work, especially in the col-
der seasons. There is no need to
mention the often trackless and
drifted roads we must follow in
our deliveries, nor the heavy loads
required to carry Parcel Post bun-
dles up to 25 pounds in weight,
stamps, money orders, postal notes,
C. O. D.'s, registered mail, as well
as the day's cards, harness, wraps
and rugs as well as shoeing and feed
for our horses. Nor can our con-
valescences be omitted from the list.
Owing to this advance in living
costs, Rural Mail Couriers have been
driven to pay for a quarter of a
century, not too long ago finding
himself unable to do with the salary
received asked for an increase.
The Route was put up for tender, with-
out response. Why? The pay is
only a pittance. Another's has been
offered four times in succession,
either to grant him a fair living
wage. These are but two instances,
but all Rural Couriers find them-
selves in like circumstances, facing
similar problems. It is indeed a
pity, since in all other occupations,
a better paid servant or helper natu-
rally will try to give his patrons
better service. We are not asking
for the impossible, but a wage in
proportion to the dignity and hard
labor of our positions. Surely the
men who drive His Majesty's Mail
are worthy of a fitting hire! Hope-
fully awaiting a change in prevail-
ing conditions and thanking you,
I am, Sir, etc.,
ONE-OF-THEM
(Patriot please copy)

Notes From Another Island

By "Anson"

LONDON, England:
Two weeks ago, the last time I
was writing this column, the world
was waiting for the news of the
announcement of Princess Eliza-
beth's baby. A Prince arrived, and
now the world waits again to
know his name. Philip? Albert?
Edward? George? We read that
betting in the United States was
pretty keen, but we were not sur-
prised to learn that some of the
names they had in mind were rat-
ed at long odds like 100 to 1. In
fact some of them didn't seem
like boys' names at all, and it
needed an awful stretch of our im-
agination, limited by tradition in
these matters, to visualize a fu-
ture King Elmer or Zerk!
However, perhaps we'll all know
the answer before these words are
in print. When the names of the
Prince are announced the interest,
which has temporarily died down,
will flare up again, and all the
secrets will be using up a lot of
their scanty space on feature ar-
ticles.
Talking of newspapers, ours are
still limited to four pages, the
maximum the ration allows. Pay-
ment of the money supply of our
scarce commodities, although some
of the critics of the Government
become rather cynical about that,
pointing to the large number of
official forms that have to be fil-
led in for one reason or another.
At any rate, it was a welcome
sign that things must be getting
better when it was announced a
few days ago that as from next
January, newspapers would be al-
lowed enough paper for an extra
page a day.
Well, things are not quite as bad
as they were during the war, when
it was so essential to salvage waste
paper that laws were made to en-
force the idea, and it was actually
difficult even to throw away a
"bus ticket!"
Very few of one's store purchases
were wrapped up to take away;
fortunately we are an adaptable
race, and we soon learned not to
take any undue notice or suffer
particular embarrassment when we
had to carry home some of the
more intimate household neces-
sities, unwrapped and open to the
public gaze, but for many a
"bus conductor" with some of our
"bus men are only too glad, espe-
cially in London, to take advan-
tage of any opportunity to exer-
cise their sense of humour at the
expense of some unfortunate pass-
enger.
One of things are not quite as bad
as that now, though many of our
wartime restrictions are still with
us. I was thinking the other day,
incidentally, about some other as-
pects of our wartime life which
were born out of the wartime need
to exercise the strictest care about
everything we did, in order to
make the fullest use of everything
we had. A good many of the habits
we formed in those days have lin-
gered, and are still useful.
One, for instance, is the custom
which began in the war, with of-
ficial backing, for keeping all
scraps of waste food in separate
receptacles so that it could all
be turned over to make pig food,
instead of being destroyed with
other garbage. The idea still seems
sensible, so most of us still have
our "pig swill bin", and the pigs
get their rations.
It might be interesting to men-
tion a few more of these old Eng-
lish customs, sometime . . .
For the past few days most of
us have been groping about in
thick fog which has covered more
or less all the country. It is no
less than we should expect at
this time of year, but it is upset-
ting when it interferes with our
Saturday sports. Pity the poor
goal-keeper in one football game
yesterday who was obliged to
blotted out the scene, the game
was called off and everybody left
the field and forgot to tell him.
It was some time before he grew
suspicious of the sudden quiet,
and discovered his solitude!

Sibelius At 83

(Winnipeg Free Press)

Sibelius is 83 years of age and
for 10 years he has not left his
home near Jarvenpaa, deep in
the forest and lake country of
Finland. His physicians would not
allow him to accept an invitation
to attend the Edinburgh festival
last summer although his love
of Britain, particularly of London,
urged him strongly to go.
On December 8, the Manchester
Guardian published an interview
with the great Finnish composer
in which he remarked, in answer
to a question as to the meaning
of his Eighth symphony: that the
artist can never speak of his "in-
nermost struggles."
Sibelius went on to say good
humoredly that he had cut him-
self out of the world of "among
politicians," he said, "I am just
like an idiot." However, he added
this comment upon the current
scene: "There is a good deal of
tragedy in the world—and in art
—but I believe everything moves in
a spiral. It always goes up. Our
period is just a temporary stat."
There are references in the in-
terview to the bombing of Queen's
Hall ("It was as if I had been
bombed myself when I heard the
news") and to current music.
Shostakovich's last symphony he
found "invigorating." Vaughan
Williams' Sixth ("especially the
last movement") "impressive"
and "powerful" which he thought
the more remarkable as "he is
not a young man any more." Con-
temporary British music he found
"surprisingly vigorous for these
troubled times"; it was, in fact,
"coming back to a big city and a
golden era of Purcell and Byrd."
Sibelius recalled that he had
composed his Quartet in London,
adding: "There are only two
places where you can be at peace
and compose a big city and a
forest—in both you are alone."
For Sibelius, if there is to be
more music, it will come from this
forest: "I do not want to leave
Jarvenpaa. I built this house for-
tely five years ago. I have not been
away for the last ten, not even
to Helsinki. My old friends have
died one by one. Now I shall
stay."

"LOOKS AS IF WE'RE NOT FORGOTTEN AFTER ALL."



The Poet's Corner

HEAVEN HAVEN

I have desired to go
Where springs not fall,
To fields where flies no sharp
and
sided hail,
And a few lilies blow.
And I have asked to be
Where no storms come,
Where the green swells in the
heavens dumb
And out of the swing of the sea.
—Gerard Hopkins.

Old Charlottetown

(And P. E. I.)

SELKIRK'S OBSERVATIONS

"Laird (James Laird), an Empire
Loyalist, of Vernon River" argues
that the inland lands of the Island
cannot be settled with advantage
to a farmer, where they are beech
lands, on such he says he may raise
wheat and potatoes and maintain
himself but cannot keep stock for
want of hay; if he has no marsh or
swampy or sappy land capable of
being made into meadow-clover
he says he cannot be depended upon,
for when the winter is open
without snow (as for two years
past) the young plant of clover is
destroyed. Timothy requires sappy
land, or else much manure, which
cannot be procured where there is
not already a supply of hay from
marsh, &c. This does not seem very
good reasoning, for even if clover
were impracticable there are other
resources for raising manure—straw
particularly, peas, &c., &c. How-
ever this shows the ideas of the
country. Laird is certainly very
much above the common view of
the settlers—we cannot therefore
wonder that the ordinary ones are
wedded to the marshes.

"Mr. Cambridge is one of the few
proprietors in the Island who put a
value in inland lands. He says he
would not part with it under 2/
per acre. The Stewart's seem all
to reckon it as nothing—they do not
seem to calculate much on any rise
in the value of land.
"Timothy grass is here much in
esteem—the hay is reckoned par-
ticularly good for horses. Mr. Brecken
has found the timothy the best
second year produce a heavier crop
than the clover the first. Mr. B.
has cultivated a small farm near
Charlotte Town to great advantage
and has brought it into fine hay
land (tho' different soil) by means
of the town manure which few other
people have been sharp-sighted
enough to see the value of. The
timothy seed is not selected, but
all random hay seeds are sown
along with English clover seed.

"Angus Currie, a tenant of Gov.
Fanning's Lot 50, pays \$5 a year.
Two brothers paying each as much
have only a short term, as the Gov.
will neither sell nor let for per-
petuity; on that account he has but
few tenants, and gives them a great
share of marsh—he once used to
disappear half produce of hay. Currie
however has a good deal into his
bargain.

"Currie reckons 25/ per acre,
current price for chopping and
junking an acre of wood; to chop
is to cut over the tree-junk, cut
into lengths. For piling and burn-
ing, 25/ more. Some easy lands
are done for 20/ and Currie reckons
6 or 8 days for chopping and
junking an acre. He reckons that
a man may besides all the other
work on the farm) clear 3 or 4
acres annually, of which one-half
could be burnt in time for potatoes.
The cutting he would do in winter,
burn as it lies in the beginning of
Spring, the logs and burn as
much as possible in Spring for
potatoes and barley; the remainder
in summer and sow with winter
wheat; reckons the potatoes with-
out any other manure than the
ashes to produce twenty for one.
Twenty-five for one is frequent,
planting ten bushel per acre.

"Currie speaks of 3 or 4 acres per
annum as an exertion, and the
work of an industrious man. Few
do it in the Island, he himself ten-
der only on an uncertain tenure
wouldn't attempt it; and even of
those who have permanent posses-
sions, few are so anxious to ex-
tend their improvements as to do
this except for two or three of the
first years.

"Currie's ideas may perhaps be
taken as a criterion for comparing
the Highland settlers with the Am-
erican. Laird in 8 years has clear-
ed 50 acres—that is above 6 acres
a year average, or double Currie's
estimate of good work; but if the
American is best at working, the
Highlander beats him at living
hard. Laird with all his industry
was many years (6 or 7, I think)
before he was out of debt; he be-
gan bare, had to get provisions on
credit—involved himself with the
stores, and could not get free—
could not deny himself luxuries,
and being involved was obliged to
dispose of his produce at an under
value, and thus was the longer in
clearing himself. A Highlander
beginning with a little would be
clear of the world in two years, but
at the end of eight, he would have
6 or 7 acres of clear land instead
of 50."

—Lord Selkirk's Diary, October,
1804.

The Age-Old Story

A little that a righteous man
hath is better than the riches of
many wicked . . . The blessing of
the Lord, it maketh rich, and he
addeth no sorrow with it.

The High Cost of Living

Its Cause and Remedy

VI. THE OTTAWA GOVERNMENT, TOO, HAS
"FUNNY MONEY!"

By
E. L. R. Williamson, M. B. E.

It often, mistakenly, is assumed that the term "purchasing power"
refers exclusively to cash in the hands of the public ready for expendi-
ture on the ordinary items of life, collectively termed "consumer goods."
Readers who have been following these articles will be aware that capital
investment also is a form of purchasing power, and that it can be
far more inflationary than ordinary consumer purchasing power.

2. There is an additional form of purchasing power, viz., money
which literally is created "out of thin air." This may be done by a
government in the printing of money which is related to no tangible
asset; but more frequently it is done by the banks and other lending
institutions through the extension of bank loans and by the sale of sec-
urities, such as stocks and bonds. When a bank loan is made or a
stock or bond issue is marketed, normally the transaction takes the
form of a bookkeeping entry, in a bank, against which cheques can be
drawn; that is, actual "legal tender" does not change hands at all, only
a chequing account is established. Because cheques are freely accepted
by banks and businesses as the equivalent of money, the credit they
established becomes "money" just as much as if the Government print-
ing presses had turned out "legal tender."

3. When such "new" money is matched within a reasonable length
of time by an equivalent amount of physical goods and services, all is
well; the whole community is benefited by assistance to industry or
agriculture in this manner. But when such "new" money is turned loose
in circumstances that preclude increased production, there can be but one
result: inflation, higher prices, and thus capital investment, and an
expanding money supply, have stimulated inflation in Canada.

4. This article outlines the extent to which capital investment, and an
expanding money supply, was demonstrated, through an analysis
of "real" wages, that the wage increases given over the past two years
could not, in the circumstances which prevailed, have been the cause of
price rises. It also was shown that capital investment purchasing power
was a formidable inflationary force.

5. In an earlier article it was demonstrated, through an analysis
of "real" wages, that the wage increases given over the past two years
could not, in the circumstances which prevailed, have been the cause of
price rises. It also was shown that capital investment purchasing power
was a formidable inflationary force.

6. Capital investment spending was abnormally stimulated by the
Government's capital investment subsidy policy, which in effect sub-
sidized this highly inflationary form of spending to the extent of \$220
million. The resources and productive capacity of the nation were
great enough to provide for consumer demand, for substantial assist-
ance to European rehabilitation, and for a moderate amount of capital
investment; but our resources were not great enough to meet the first
two of these essentials, plus a very heavy capital investment programme,
spurred on by Government subsidies. Fortified by the subsidies, busi-
ness enterprises were able to bid higher and higher for the materials
and labor needed to complete the commercial expansion which the
Government was, in effect, asking them to undertake.

7. In such circumstances a balance between supply and demand
could be attained only when prices reached a point at which Canadian
consumers began to deny themselves even the essentials, and when Euro-
pean reconstruction was cut down to mere relief. Increased purchas-
ing power certainly did have its effect on prices in the nation, but the
Prices Committee failed to state that Government policy created the
increased purchasing power and provided the stimulant to its use.

8. A second Government policy further increased inflationary pres-
sures: the increase in money supply. At the end of 1945 the money
supply of Canada was computed by the Bank of Canada at 363.4% of the
1935-39 average. This money increase was almost exactly double the increase in
Industrial Physical Production, the index of which stood at 180.2 for
the same period. The money increase was approximately two and one-
half times that of agricultural physical production, the index of which
stood at 153.0.

9. An indication of the manner in which the expansion took place
can be gained from the records of one year: 1947. The increase in print-
ed money was relatively small, \$25 million; but the expansion of other
forms of money, proceeded almost unchecked. Bank loans and invest-
ments increased \$777 million, the net increase in capital stock issues
was \$263 million, and net corporate bonded debt increased by \$81 mil-
lions.

10. The rapid increase in the money supply automatically led to
further price increases, because the available amount of goods and serv-
ices increased much less rapidly, if at all. The only authority who could
possibly have checked this increase in the money supply was the Govern-
ment.

11. The degree of control which the Government exercises over the
commercial banks and credit institutions, both directly and through the
Bank of Canada, is so great that the Government, and the Government
alone, must accept full responsibility for its tremendous expansion in
money supply. Had the banks attempted to curb credit at a time
when the Government was actually subsidizing investment, there can be
no doubt that they would have felt the full weight of the Government's
displeasure at an act of "sabotage."

12. Indeed, the Government deliberately created the conditions for
a vast expansion of "new money"—that is, in the form of credit. Two
courses were followed: First, by borrowing from the commercial banks.
The net increase in this form of borrowing was \$889.3 million in the
four years 1943 to 1946 inclusive. These commercial loans formed the
basis for a credit pyramid several times as large. The second course
was that of "pegging" the price of Government bonds at premium prices
involving thus the sale of the bonds by the public. As these bonds passed
into the hands of the banks, they formed the foundation for a second
great credit pyramid. Together they account for the fact that the
money supply increased more than twice as rapidly as industrial and
agricultural production, as mentioned above.

13. An analysis of the facts thus reveals that the Parliamentary
Committee's "increase in purchasing power" is not consumer purchas-
ing power at all, but is a Government-stimulated capital purchasing
power. The Government's stimulation being directly applied through
subsidies to commercial investment, and indirectly through a vast in-
crease in the money supply—money which was available, in the main,
only for further capital investment.

14. It will thus be seen that rising prices are due not so much to
Acts of God as to Acts of Government. In next week's article we shall
deal with still other causes of rising prices.

- Notes By The Way -
There will be sweet peace between nations, as between neighbors, when none is more fortunate than another. — Victoria Times.
Atlantic No. 3 has been officially declared "dead." This ended the career of the wild villain of Leduc. When Alberta's oil historians get around to telling the full story, they will write down the killing of Atlantic No. 3 as a triumph of technical skill, Government direction and field co-operation. That gas and oil should spew out of a reservoir a mile below the surface and turn many acres of land into a cauldron of oil and mud, that the whole churning mass should catch fire and in a few days the fire should be put out, that two "leak" wells should be drilled down almost to the exact location of that leak in the reservoir and plug it—these are feats that capture the imagination of the whole Dominion. Atlantic No. 3 was a bothersome and costly distraction in the development of Leduc. But fortunately there seems to have been no damage to the field.—Calgary Alberta.

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