THE CHARLOTTETOWN GUARDIAN

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

FRIDAY, APRIL 19, 1940.

Liberal Election Financing

How the money goes in the Public Works Department is illustrated by the following figures from the Public Accounts for 1939, which we quote along with the estimates budgeted for and voted by the Legislature at the pre-election session last March.

Falconwood Hospital and Infirmary maintenance: Estimate $110,000. Expenditure $122,355. Resulting deficit $12,355.

Government House, "sundry repairs": Estimate $1,000. Expenditure $4,027.67. Deficit $3,027.67.

Highways, bridges, ferries, etc (ordinary acc't): Estimate $263,980. Expenditure $293,600.28. Deficit $29,629.28.

Public Works and Highways (capital acc't): Estimate $132,500. Expenditure $239,920.60. Deficit $107,420.60.

Hard surfaced highways: Estimate $700,000. Expenditure $1,243,635.58. Deficit $543,635.58.

Tourist road projects: Estimate $160,000. Expenditure $202,744.43. Deficit $62,744.43.

THE EXCESS OF ACTUAL EXPENDITURE OVER ESTIMATED EXPENDITURE IN THE FOREGOING ITEMS ALONE AMOUNTS TO $758,457.56.

The Navy's Prayer

In all things the Royal Navy has style and a way of its own. It is seen, says the Manchester Guardian, even in the prayer used only by the Navy at divine service, and in the course of centuries millions of officers and men must have been ordered to pray "that ye may be familiar with its words since the day, nearly 300 years ago, when 'the fleet in which we serve' was first ordered to pray 'that we may be a safeguard unto our most gracious sovereign lord King Charles and his kingdoms, and a security to such as pass on the seas upon their lawful occasions." The dignity and beauty of its language (said to have been composed by Sanderson, Bishop of Lincoln) has earned it a place among the chosen passages in the "Oxford Book of English Prose."

There is some history behind the prayer. No place was found for the Navy in the first Prayer-books of Edward VI or the revised form of Elizabeth. But in the century that followed the founding of overseas colonies, the prestige of the fleet under Elizabeth and Cromwell had entered into the consciousness of ordinary people.

When therefore the Prayer-book was again revised, after the Restoration, the preface of 1662, among "sundry additions thought necessary," particularly mentions prayers to be used at sea, an evidence of the growing importance of the "sea affair of these islands."

Still Bigger Deficit

That the real deficit of the Campbell Government last year was even greater than appears from the general statement of revenue and expenditure is revealed on a close examination of the Public Accounts.

Under the law, as shown in the sinking fund statement, the rates on the several issues call for a sinking fund provision of $203,120, whereas only $175,615 was actually placed to the credit of sinking funds.

This leaves a difference in sinking funds, legally required but unprovided, of $27,505. This should be added to the $154,667 deficit shown in the general statement, making an actual deficit on ordinary account of $182,172.

Denmark And Potatoes

Misfortunes seldom come singly, and to Denmark's misfortune to be under the heel of German occupation and seizure add a practically total loss of the country's potato crop during the past winter due to unusual severity of weather. The usual storage method for potatoes in Denmark was placing in cellars but trench-storage also was resorted to, the potatoes being placed in trenches and covered with layers of straw with some six inches of earth over that. In ordinary winters both methods sufficed but the European winter of 1939-40 was so severe that millions of tons of frozen potatoes resulted. With the heavy importation of feeds for livestock normally required by Denmark and now entirely cut off, the loss of the potato crop is a tremendous handicap to the country's pork raising industry.

One result of the invasion of the Scandinavian countries is expected to be movement of people out of them to seek new homes. The Fredericton *Gleaner* suggests the eminent suitability of Canada as a country of refuge. The value of the Scandinavian settler has been fully proven, and Denmark especially is represented by many successful agriculturists in Canada.

The Canadian Dollar

Despite the heavy discount on the Canadian dollar in United States currency, it is reassuring to learn that there is no inherent weakness in Canada's position in this regard. On the contrary, according to a leaflet issued by A. E. Ames and Company, current balances of trade and securities are favorable. "We are selling to non-residents more goods and securities than we are buying and to these credits in foreign funds may be added substantial amounts from gold exports and tourist traffic."

Why, then, the discrimination? It arises, apparently, from the withdrawal by foreigners of balances which were in Canada at the outbreak of the war, and their sale at bargain prices to other foreign buyers. These transactions take place in the outside" or "free" market, but it is emphasized that "it is not through the free market which operates between non-residents, but through the official market that Canada acquired a supply of foreign funds."

Though Canadians have no means of influencing the unoffocial quotation of the Canadian dollar in New York, the rate is a matter of limited practical concern," only a few transactions being affected and these transactions being the result of foreign necessity or uncertainty. It seems clear, concludes the statement, that the free market quotation of the Canadian dollar in New York occurring in a "decidedly limited market" is not to be regarded as "a criterion of our current economic or credit position."

Unfortunately this leaves unremedied the fact that our dollar is worth only about eighty cents when exchanged for United States merchandise, notwithstanding that the Canadian Foreign Exchange Control Board has fixed the difference at only half this discount.

— EDITORIAL NOTES —

Primrose Day. D'Israeli, Earl Beaconsfield, died this date, 1881—"You may think there are greater things than war. I do not; I worship the Lord of Hosts."

* * * *

In future you may have as many radios in your home as you like all for the one license fee of $2.50 per annum. This is Prime Minister Mackenzie King's concession on account of Mr. Manion's free radio policy.

* * * *

Premier Campbell is either a very poor guesser of income and expenditure or a very accomplished soothsayer when he can boldly assert, as he did, that his government's deficit was 50 per cent less than it actually was.

* * * *

In Canada, 13 dailies have ceased publication within the last 10 years, representing almost 15 per cent of the daily newspapers in Canada. In the United States 426 dailies ceased publication during the last decade, 165 of which were during the last three years, and 62 in 1939.

* * * *

Income tax collections by districts for the fiscal year 1939-40, with 1938-39 figures in brackets included: Charlottetown $610,083 ($499,138); Halifax $2,107,619 ($2,337,848); Saint John $1,332,635 ($1,585,397). Over all income tax collections during the government's fiscal year amounted to $134,448,565, a decrease of $7,557,571 from the year previous.

* * * *

The late Mr. L. P. Tanton was possibly the most convinced and consistent of Prohibitionists—putting his convictions in this respect even before party loyalty, and he was otherwise the staunchest of Party men. On three outstanding occasions he campaigned with voice and pen against the Conservatives when he thought they were falling from Prohibition grace, and won out though not without scars.

* * * *

The New Brunswick Liquor Control Board report shows that liquor sales for the fiscal year 1938-39 were $189,527.50 (net increase) above that of the preceding year. Total amount of business done by the board for the fiscal year 1938-39 was $3,714,755.48. The ratio of net profit on the turnover for the year was placed at 34.34 per cent.

* * * *

Next month is likely to see our soldiers and sailors under canvas for training. Brigadier W. W. Foster, director of auxiliary services of the National Defence Department, will make an inspection tour of auxiliary services across Canada, starting from Vancouver. The Brigadier will reach Vancouver April 19 and visit auxiliary services in each military district on his way east. Here it is hoped to have a Navy camp.

* * * *

Where is it going to end? Increase in debt of $62,185,000 and an expenditure of $27,317,327 in excess of all budget estimates during the fiscal year ended June 30, 1939, were revealed in the public accounts' statement tabled in the Quebec Legislature. The statement, tabled by Hon. J. A. Mathewson, provincial treasurer, set the province's net debt at $257,128,186, compared with $212,020,351 in the previous year, an increase of $45,107,834.

* * * *

Mr. B. E. Cole, assistant to the president of the Boston Maine Airways, Incorporated, is now in Moncton making arrangements for the inauguration of a passenger, mail and express air service to Boston from the Maritime Provinces. Last summer the company sponsored a trial trip. Mr. Cole is interviewing prospective users of the service and will also confer with officials of Trans-Canada Air Lines and Canadian Airways, planning connections with their schedules. Mr. Cole will visit here, Saint John, Halifax and other Maritime centres during the course of his present trip.

* * * *

The Campbell Government had no less than $3,088,000 unfunded debt at the end of their financial year. That is, no bonds were issued for that amount. And it included $1,081,000 belonging to depositors in the Provincial Government's Saving Account scheme. Over and above this enormous unfunded debt, there was $5,700,000 funded debt, for which bonds were issued. That is going some for about 18,000 possible taxpayers. Taking the total indebtedness at $8,800,000, it means a mortgage of $628 on every one of the 14,000 farms in the province: — in other words when a farmer comes to sell his farm it is that much less value to the prospective purchaser.

* * * *

New Brunswick's Provincial Secretary-Treasurer J. J. Hayes Doone's first budget estimates the highest revenue and expenditure in the history of the province for the current fiscal year ending October 31. The new tax rates were not disclosed. Anticipated provincial income for that period is $9,096,610, and anticipated expenditure $9,982,887, thus providing for an estimated surplus of $13,723. The estimated revenue is nearly $1,500,000 greater than the province's $8,475,608 receipts for 1939, "to overcome the possibility of a recurring deficit and to service the increased debt charges." The difference between estimated expenditure for 1940 and actual expenditure in 1939 which included a $875,087 deficit, is $9,082,887 for the current year as compared with $9,350,155 last year.

NOTES BY THE WAY

The decision of Sault Ste. Marie, Mich., merchants to charge a discount of 30 per cent on Canadian funds will not work any great hardship on this community. It is true that Canadians will not be inclined to do much purchasing of goods there. But generally speaking their purchases can be made just as well or better at home. — Sault Ste. Marie Star.

Some epic stories in the air warfare are being written almost daily. That young New Zealander, after getting two of the enemy and was then shot down himself, to make landing by parachute and to find himself between the two firing lines, had something to talk about. Destiny did not have his number—for the present. — The St. Catharines Standard.

For the western world the fact to remember is that the two (Hitler and Stalin) are together for better or worse, perhaps "till death us do part." There is a morbid air of death about this embrace of the Nazis and Communists. One begins to see the outlines of that revolution of destruction which Dr. Hermann Rauschning and others have told us is the real objective of both regimes. — New York Times.

The United States will have none of Mr. Wang. His clumsy reception has made no impression upon Great Britain. And the Chinese Government at Chungking, which has the enthusiastic support of the Chinese people, greets the new "ruler" with determination to continue its resistance "until the Japanese militarists have been completely driven out of Chinese territory." — New York Post.

People who deal in furnaces tell us that in the fall they are always rushed because so few ever get their repairs or alterations attended to before it is time to light the fire for the winter. And when the grass starts to grow dozens of people make the discovery that the lawn mower needs to be sharpened. And they all want their work attended to at once. Most of us are in that class. The putters-off would be in the majority in any census effort. — Peterborough Examiner.

Sir Arthur Richards, the Governor of Jamaica, the largest and one of the most important islands of the British West Indies, has made a commendable gesture in the interest of that Colony's war effort by voluntarily surrendering ten per cent of his salary for the duration of the conflict. The amount involved is said to be £550. The West Indies have on the whole, not been slow in capturing the spirit of sacrifice in aid of the worthy cause for which the Empire is at war. — Trinidad Guardian.

Keep your temper. You'll be inclined to lose it a hundred times in the days ahead. For, apart from the major discomforts of war, ordinary every-day life becomes full of little nagging irritations. You will have to endure days of spiritual and mental toothache. But no good will come from losing your temper about it. That is the way to get rattled and give everybody around you a bad time. Now is the time for patience and good humor. They pay big dividends in war-time. They can be as important to a nation as big battalions.—London Daily Express.

"War is the blessing of God, the eternal fount from which new generations of men are born", says Robert Ley, head of the Nazi Labor Front. By this curious inversion of logic one of the German leaders whistles to keep up the people's courage in a world darkening about them. There is something in the German mentality which delights to torture false ideas into semblances of truth, but it has remained for the Nazis to defy the non sequitur and raise sophistry to the dignity of state policy. One cannot eat slogans, however, and the hungry people of the Reich will not long be satisfied by dialectical sops when their children cry for bread. — Montreal Star.

The United States naturally, is not called on to take any action on the recent Nazi pretensions at least until the German Government has given formal notice of intention to apply the policy of ruthlessness to American shipping. The protection of American shipping from the fate daily overtaking craft of smaller nations is in the power of this country. Where the Nazis have no fear, their procedure toward other countries is unrestricted by regard for international law, or for the rights and interests of the smaller nations. Goebbel's comment that Germany may hold responsible any nation that permits public criticism to be made of Nazi Germany is the measure of the length to which totalitarian tyranny would like to go. — Philadelphia Bulletin.

The ministry of information at London has disclosed in detail the plans Herr Hitler and his co-conspirators drew up as early as 1937 to carve out a Nazi empire reaching from the Mediterranean to Scandinavia and from the Atlantic to the eastern boundary of the Ukraine. The documents are said to have been seized by the Czech police in 1938 when they raided the quarters of Konrad Henlein, chief Nazi plotter in the little republic. Confirmatory evidence of the validity of the plans may be found in Mein Kampf. They only translate into a definite schedule the general concept therein hazily sketched with such extension of conquest ambitions as might be expected to sprout with the progress of the "march to the east". The publication is timely. It should help to remind the neutral states wheih fringe the Reich of what the Fuehrer had and has in mind for them. Whatever these states may do, they can no longer pose as side-line spectators of a war in which they have nothing at stake. If Hitler should win the war, they would disappear, as Austria, Czechoslovakia and Poland have disappeared. They must have known this as the "expansion" policy evolved before their eyes. They can no longer pretend they do not know it. The list of countries marked for extermination includes every neutral state in western Europe with the exception of Italy and Spain, their systematic conquest and incorporation into the Hitler empire being set to a time-table covering the years up to 1948. What these countries have to decide, and there is no escape from the choice, is whether they will strike a blow in their own defence or trust to the Allies to save them from the fate the Fuehrer has appointed for them.—Edmonton Bulletin.

BACKACHE OFTEN WARNING

Backache may be the first sign of Kidney trouble. When your back aches, look to your kidneys. Don't fail to heed this warning—it is too important. Take prompt action to correct Backache, or its cause. At the first sign of Backache turn confidently to Dodd's Kidney Pills—for over half a century the favorite remedy for Kidney ailments. 107

Dodd's Kidney Pills

PUBLIC FORUM

This column is open for the discussion by correspondents of questions of interest. The Charlottetown Guardian does not necessarily endorse the opinions of correspondents.

ROAD TO BORDEN

Sir,—When will Charlottetown wake up and recognize it is being trimmed by Summerside. Why is it that the paved road from Charlottetown to Summerside is not opened as yet, while the road from Kensington to Alberton is open. Why is it that every winter, the plough only makes a single track on the road from Charlottetown to Summerside but makes a double track opening from Kensington west? There is a very good reason for it, and it is not a physical one. If the road from Kensington to Charlottetown is only cleared in a single track by the plow, the snow can quickly fill in the narrow opening and it is then harder to clear the next time and so on. Therefore car owners are definitely and purposely prevented from travelling by road between here, Summerside and Borden. The road to Montague is also open. Denmark is not the only country that has something rotten in it."

I am, Sir, etc.,
INTERESTED

TEMPERANCE TOURISTS

Sir,—I would like to help lift a distressing smirch that has been placed on our tourists. It is this: Our Government is trying to place the blame on our tourists, because they want to flood our Island with strong drink. 'How folks like to blame others while the serpent lurks within'.

How many of our tourists come to Prince Edward Island expecting to get strong drink? Not the thousands our Premier named in his speech to the Temperance delegation. They know before they come here that this is a prohibition Island and are amazed to have an agent stop them to inform them that with his slip of paper they can get a number of bottles I have been entertaining tourists for seventeen years and they warn us to hold on to our Prohibition Law, and that their young folks are being ruined by beer and wine parlors, many of their young people have to be carried into their home after attending a party, their Government gave beer and wine parlors, now, they are reaping a harvest of broken and degraded young people.

Let us advertise our Island as a prohibition land, place "Prohibition" on our car ferry large enough so that all can read, then those who must have drink, can remain on the other side and we will welcome the good temperance tourists. Many of our tourists complain that they can't sleep at the overnight cabins on the way down here, because of drinking folks making so much noise in the cabins near theirs.

Christian people are you going to accept this measure for wine and beer? Remember your duty our young people are in your care. Let them know how you stand.

I am, Sir, etc.,
ANNA SIMPSON.

Cavendish.

Canada's Internees

(Brockville Recorder and Times)

There are worse fates that Germans could suffer than being interned in Canada during war time. This on the testimony of those wards of the Canadian government who still retain their German nationality. Extracts from their letters to friends are the best proof of this, and, incidentally, corroborate that in this country the international convention relative to the treatment of prisoners of war is interpreted in the broadest and most humane spirit.

One letter from a prisoner in the internment camp at Petawawa epitomizes the sense and feeling of numerous others, however much the words may differ. He writes: "The treatment is very kindly and the food very good and be sure many got not so good to eat as they have here." Another assures his relatives: "Here in the camp we are looked after all right. We have enough decent food and everything is going on smoothly. We are free all day to do what we like, either go for a walk or while away the time in the recreation hall. In some respects we are better off than the militia as we have a German cook. Of course, it is not as nice as to be with my darling—however, it is not too bad at all."

* * *

Constantly iterated in the letters is the refrain, "Do not send me any food. The food they give us here is excellent and plentiful." This is varied sometimes to "Do not send me any more parcels, as I do not [illegible]."

Kananaskis Internment Camp prisoners are particularly emphatic in their assertions that the wants of the inner man are fully taken care of. One of them received in reply a letter stating: "I am glad to know that your huts are nice and warm and that your officers are very nice to you. I must say that in Germany they would not be so nice to us. You know how they are treating us at home (Germany) in the police station. They shout at us over the least little thing.

Deeply impressed by the skill and care given to him while he underwent an operation, one appreciative prisoner had "at all times the feeling that everything was looked after well and that I personally could not have arranged matters better." I am hoping to be able to return my thanks to you by service to maintain order in this camp."

In Canadian eyes these internees are neither automata nor brutes. The fortunes of war have placed them where they are but it is evident on their own testimony that what can be done to mitigate their lot is done. The free and genial air fostered under our democratic system permeates even the confines of their prison camps, and the humanity and kindliness of their temporary jailers contrasts strikingly with what they could expect under similar conditions in their own land.

Economy In Reverse Gear

(Saint John Telegraph Journal)

Largely because of the increased bonded debt, due chiefly to the expenditure for hard-surfaced roads, the New Brunswick government was faced this year with the necessity of providing for over $400,000 more in interest and sinking fund charges than last year. To help meet this situation, it was hoped that some retrenchment would be effected in the various departments. The budget brought down yesterday, however, reveals the fact that spending spree goes on merrily, and instead of an increase of some $400,000 in the estimated expenditures for the current year, the increase is actually $632,000, bringing the total to an all-time high of more than $9,982,000.

This then, is the government's policy of economy to meet the rising cost of the public debt—a jumping of the expenditures in other departments by some $215,000 over the amounts expended last year.

The government proposes to take care of these extra expenditures and realize a small surplus at the end of the year. How? Well, as has already been announced, the motor vehicle license fees on passenger automobiles have been raised by about forty-two percent, and this is expected to bring in an additional $263,000. A new tobacco tax appears in the budget, calculated to return $125,000; the department of lands and mines promises $160,500 more, chiefly from increased stumpage; taxes on incorporated companies are figured at an increase of more than $100,000; increase of $323,000 in succession duties, $275,000 in liquor board revenues and $147,000 from the gasoline tax are indicated, all of which will mean that there will be taken from the taxpayers of New Brunswick this year more than $1,500,000 in excess of what was collected last year.

This is certainly economy in reverse gear, and how long the province can survive under this vicious circle of recurring increased expenditures and sharply mounting taxation is a problem that is worrying the citizens of New Brunswick. There is a limit to the amount which this province can afford for costs of government, and this limit already has been reached and passed.

Son Of A Mountie

(Moncton Transcript)

When Peter Frazer, acting Prime Minister of New Zealand since the war, became the Prime Minister in name as well, Canada and the southern Dominion were linked, for the new Premier is the son of a former Mountie. Years ago his father finished an exciting career with the Northwest Mounted Police. In love with a pretty young Scottish lass who had come to Canada, he married her in Montreal and took his bride back to Scotland. Three sons were born to them, Donald, William and Peter. Donald Fraser today is a resident of Toronto.

The father was a Liberal, which was about as far Left as a radical could get in his days. The Toronto Fraser supports the C.C.F. From the age of fifteen Peter was keenly interested in the Labor movement. He helped Scottish plowmen to organize their unions, and large-scale farmers of the district were pleased to see him go when he left for London as a carpenter's apprentice. When he reached New Zealand he joined the Auckland Socialist party. A year after his arrival he was President of the Auckland General Laborers' Union and he represented it at Waihi during a strike of which all New Zealanders have heard when, in 1912, a protracted dispute led to the imprisonment of W. E. Parry, now Minister of Internal Affairs.

Later he worked as a docker until he became acting editor of "Maritand Worker," the national newspaper of the Socialist movement. He won the Wellington Central seat more than twenty-one years ago and has been elected ever since.

Tall, deliberate and courteous, the new Prime Minister is regarded as a model of patience. New Zealand cables say that Mr. Fraser will attempt to strengthen himself by giving new representation to the left wing of his party with which he has not been very popular and by which he has been charged with being too eager to follow the British lead. That he is wholly behind Britain in its war efforts there is no doubt.

MAX FACTOR'S

SOCIETY MAKE UP

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Included in the shipment are such items as

Max Factor Skin and Tissue Cream.

Max Factor Honeysuckle Cream.

Max Factor Cleansing Cream

Max Factor Powder Foundation Cream in three shades. Natural — Rachel — Flesh.

Max Factor Face Powder in the following shades—Naturelle, Rachelle, Brunette, Olive and Dusky Tan.

Max Factor Rouge and Max Factor Lipstick.

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The Ideal Spring Tonic. A combination especially valuable in the treatment of those cases where their origin is traceable to an impoverished condition of the blood.

These Pills are used extensively as a general tonic, will improve the appetite and impart strength and tone to the whole system.

PRICE PER BOX 50 CENTS

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The best that money can buy PRICE PER PACKAGE 50c

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For Vitality always use
BRAHMIN ORANGE PEKOE TEA

Britain At War

(Continued)

The British banking position is particularly strong. At the end of 1939 the deposits of the ten leading British banks amounted to £2,389,200,000, compared with £2,228,900,000 at the end of the previous year. The ratio of the liquid assets of these banks to deposits was 36.8 per cent on the last day of 1939, compared with 32.8 per cent in 1938. There are thus ample funds available for the financing of the British war effort, while the size of the deposit figures emphasises that London continues to maintain its position as the world's leading financial centre.

In shipping, as in finance, Great Britain still retains her premier position in the world. Since the beginning of the war no less than 50,000,000 tons of shipping have been cleared at British ports. Moreover, in six months of war Great Britain has lost only 200,000 tons of merchant shipping out of a total of 21,000,000 tons. That is the net result of the German air and submarine campaign against British shipping, when replacements in British shipping are set off against gross sinkings.

* * *

In shipbuilding, a vast scheme is now in operation for making good the wastage of enemy sinkings and of ordinary wear-and-tear. In the first quarter of 1939, 70,000 tons of new British shipping was laid down, and in the second quarter of that year 400,000 tons. But, since the outbreak of war, more than 1,000,000 tons have been placed under construction, and the capacity of British shipyards has been developed enormously.

To-day it is about 2,000,000 tons, which is nearly twice as much as it was six months ago.

The future developments of the British merchant fleet have been closely co-ordinated with the construction requirements of the British Navy under a system of careful planning which takes account of shipyard capacity and the supply of raw materials and labour. The Admiralty and the Ministry of Shipping combine to work out this plan and the new merchant ships will become the property of the State. Building berths are fully occupied and launchings are increasing week by week.

British exports are flourishing and British merchants continue to be the eyes and ears of the British manufacturer in overseas trade. they have an accumulated fund of experience on which to draw, and their traditional initiative and prudence are called upon to play an important part in the problems created by the war.

But, apart from private initiative a new export drive is under way. An Export Council has been set up, with the President of the Board of Trade as its chairman. Business men, industrialists and Trade Unions are represented on it, and more than 30 leading British industries are co-operating in drawing up export plans.

The immediate object is to increase the value of Great Britain's exports up to at least £600,000,000 a year. The 1938 value was £438,000,000.

Another aspect is the opening of trade negotiations with other countries. These have taken place with 14 countries and commercial agreements have already been signed with some of them.

Against this background of national assets it is possible to sum up Great Britain's economic position. The obscurity of the pre-war months has been replaced by an outlook, which though there must be uncertainties, is clear. The objectives are plain, and the national determination to achieve them grows daily in intensity.

The British Government is now armed with enormous powers, and the economic life of the country is being geared to the mechanism of war with the minimum of friction.

Industrial output is steadily expanding, and the consumption of luxury goods is being restricted by voluntary consent. In any case, all classes of the nation—taxpayers and wage-earners—will share the burden of war expenditure according to the capacity of each.

* * *

The new financial machinery introduced by the Defence Regulations, on the outbreak of war, is working well. Great Britain started the war with immense supplies of foreign exchange, plentiful stocks of consumption goods, an industrial equipment second to none, and abundant reserves of labour. There is thus an elasticity in the British economic position, which is the reverse of the brittle economy of Nazi Germany.

British public finances are buoyant. The accumulated deficit which, at the turn of the calendar year, amounted to £641 millions, had actually declined to £620 millions by February 17.

Rationing has prevented any untoward rise in the cost of living. Some rise was inevitable, but it has been only 14 per cent, since August 1939. To meet this, wage-increases have been granted to many hundreds of thousands of workers, and the volume of savings is increasing daily.

With the stage thus set for major operations in the financial field, it was on March 5, at the beginning of the seventh month of war, that the Chancellor of the Exchequer announced the issue of the first British War Loan.

War expenditure had, until then, been financed—as has been shown—solely by the £100,000,000 subscribed to National Savings Certificates and Defence Bonds, by the receipts from increased taxation, and by increases in the floating debt.

The time had now come for reinforcing the national effort by borrowing, and the amount for the first loan was fixed at £300,000,000. This issue was well-timed, coming as it did at a moment when purchasing power would inevitably begin to reflect the increase in Government expenditure, and when many millions were in the hands of investors whose United States securities were being purchased by the British Treasury. Moreover, nearly all the outstanding taxes for the year 1939-40 which ended on March 31, had been collected. Large funds were thus accumulating in the public's hands and were readily available for the new loan.

This loan was of relatively modest proportions, and further loans, as the Chancellor said, will be necessary. The policy of issuing fairly frequent loans of moderate amount has the advantage of elasticity from the point of view of financial technique. Psychologically, this process puts the emphasis on the necessity for making a habit of saving.

As regards the effect of such a loan on the financial market, the date and price were admirably attuned to conditions in Great Britain. The rate of interest—3 per cent.—and the life of the loan—15 to 19 years—had everything to commend them both to banking, insurance and other financial institutions and to trustees. Another important point was that, as there was no provision giving subscribers the right to convert their holdings into any later War Loan, it was clear that the British authorities were determined to avoid the dangers of inflation.

This first British War Loan was a fitting corollary to the economic consolidation which has been the outstanding feature of the first six months of war. It is, from the national standpoint, a sign that Great Britain has moved towards the complete mobilisation of all her financial resources for the vigorous prosecution of the war.

The Poets' Corner

AUGUST NIGHT

This August night in a rift of cloud
Antares reddens,
The great one, the ancient torch, a
lord among lost children,
The earth's orbit doubled would not
girdle his greatness, one fire
Globed, out of grasp of the mind enormous; but to you O Night!
What? Not a spark! What flicker of
a spark in the faint far glimmer
Of a lost fire dying in the desert,
dim coals of a sand-pit the
Bedouins
Wandered from at dawn . . .
—Robinson Jeffers

JUNKMAN EXTRAORDINARY

LONDON — (CP) — Britain's Junkman—Harold Judd, Controller of Salvage to the Minister of Supply—appeals to the housewives of England in a radio broadcast for 1,000,000 tons of rags, bones and metal. About £30,000 a month is being saved by the salvage campaign.

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