

THE CHARLOTTETOWN GUARDIAN

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FRIDAY, SEPTEMBER 28, 1934.

THE CHARTERED BANKS

In view of the fact that the new central bank, the Bank of Canada, is in process of organization, remarks the Montreal Gazette, there arises a natural interest in the question as to the future of the chartered banks, particularly as to the influence they will exert in the credit field. The answer is that these banks, which have established a record of stability and service that has become the envy of other countries, will continue to serve the public in much the same way as heretofore. This is the conclusion of the Monthly Review of the Bank of Nova Scotia, which brings to an end some "Further Reflections on Credit" with the statement: "Meanwhile, the commercial banks will continue to do what they have always done; to safeguard the people's savings; and to provide the funds required for moving the Dominion's trade. They will compete in the future, as they have competed in the past. Circumstances—combined, from henceforth, with central bank policy—will set limits, minimum as well as maximum, to their lending power. No more than in the past will they be responsible, in any true sense of the word, for deflation or its opposite."

In the course of the "Reflections" it is observed that while the banker has been accused of exercising a monopoly and of controlling the creation of money, its amount and the public's purchasing power, the banker actually is quite unconscious of exercising any such power; he does not initiate depressions by restrictive policies; he considers each application for a loan upon its merits as a banking venture, and his lending power is ultimately restricted by his power of attracting deposits. Critics persist in regarding this statement of the case as inaccurate or incomplete and as implying a misconception of banking responsibility. The statement that loans create deposits is discussed at some length in the Review because of the manner in which it has been interpreted by those who insist that money is created by the banks. That a bank deposit is, for all practical purposes, money, is admitted, but "the statement may surely be made with equal force in the reverse." Thus regarded, the repayment of a bank loan becomes the destruction of money; but this is a line of discussion which does not get very far. The question stressed is as to the supposed freedom of action of the commercial banks in maintaining or expanding credit. There follows a discussion of the practical business of everyday banking, and more especially the matter of collections as between one bank and other banks. Collections from other banks cannot be regulated, but a bank can, must and does, limit the drain upon its own resources by restricting its loans. The obligation in this regard is imperative so long as there are a number of commercial banks.

The position of a central bank is different but the review points out that even when the Bank of Canada begins to function the relationship of the commercial banks to their clients will not be substantially altered since the central bank will not be dealing directly with the public and is not empowered to engage in commercial business. The new institution will stand in somewhat the same relation to the commercial banks as they now do to their clients. Nevertheless, the banking situation as affected by the new development will require very careful study; upon the understanding that will result from such study, and upon goodwill, will depend the success of the new system. It has been stated before by spokesmen for the chartered banks that there will be complete co-operation on their part with the Bank of Canada. Anything else would be inconceivable in such a field. The Bank of Nova Scotia Review emphasizes this attitude. It says: "Goodwill towards the central bank and its new governor will certainly be forthcoming. We may hope, too, that in due course understanding will follow when there has been time to study the details of its mechanism and the nature of its problems against the background of actual experience." This is a sound, sensible and constructive statement and one to which, it is safe to say, every banker will subscribe. It contains promise of a banking structure, altered to some extent and perhaps strengthened, and rendering to the country the possible maximum of useful service.

EDITORIAL NOTES

Premier Bennett and Bank Governor Towers are now in Paris consulting with world financiers. As

Notes By The Way

We hear so much about those who "over-work." The newspapers are filled with the obituary notes of those of whom it is written that they over-worked. Usually they over-worked, or did not relax or play sufficiently. Work is the great tonic. It creates richness of mind and body. It is the greatest of all factors which contribute to happiness. The great doers are the workers and thinkers—always. But all work must be liked and cherished. The wildest in nature is a worker.

The lower interest rate on Government bonds is a welcome development. So long as high returns were available on this form of investment capital for productive, employment-giving enterprise was not forthcoming. It is necessary before there can be any general revival of prosperity that the wages of money be in line with the wages of labour. This condition now seems to have been reached.—Toronto Telegram.

Many persons seem to think that the spending possibilities of the Government are limitless, but they lose sight of the fact that every dollar appropriated for public purposes has to come from the taxpayer. What they also forget is that there is a danger line in taxation which is reached when the levies become so oppressive that they cannot be collected.—Philadelphia Inquirer.

Dr. Schacht talks glibly of Germany's intention to be self-contained economically if that is necessary to assure her domestic prosperity and her independence of foreign nations. But he might better be addressing himself to the fact that his country will never be prosperous on any reasonably permanent basis unless she stops bedeviling her creditors and begins to take some real steps to restore her credit rating.—Providence Journal.

Continuing its upward trend, the cost of living in the United States rose 0.6 per cent from July to August, making the level 3.5 per cent above a year ago but 21 per cent below August, 1929, according to the monthly survey of the National Industrial Conference Board. Food prices were up 4.8 per cent from a year ago, while rents were 3.5 per cent higher.

What is believed to be a record for a continuous peal of thunder occurred at Lexington, Ky., during a recent shower. Colonel Jim Maret claimed it lasted for a year and a half. The peal would die out another would start. There was a straight nineteen minute period during which the volume varied but continued.

According to the Rev. C. G. Smith, of Temple Baptist Church, Montreal, Baptists in Germany are giving Adolph Hitler a loyalty that is more than respect—a loyalty of love and devotion because, "though he is a Catholic, he has the same approach to God as have the Baptists; that fundamentally Roman Catholicism and the Baptist faith are one."

An unusually important convention is to be held here about the middle of next month—that of the United Maritime fishermen. The Government, the City Council, and the Board of Trade should combine to give a fitting reception to the delegates and arrange for the witnesses best suited to be sent to Ottawa to give evidence before the Stevens Commission.

Homer nodded, and even the London Times is not immune against journalistic errors. In the Sept. 13 issue of The Times weekly edition appeared a picture of the Jacques Cartier celebration at Gaspé, allegedly depicting "Mr. Bennett, the Prime Minister of Canada, arriving with Mr. DeBlais, the Lieutenant Governor of Prince Edward Island." The gentleman mistaken for Lieutenant Governor DeBlais appears to be the Hon. E. N. Patenaude, Lieutenant Governor of Quebec.

"The staff of life" goes back to ancient history, fit subject for university dons and scientists to study and investigate. The question of whether wheat reputedly 2,500 years old will sprout is now before scientists of the British agriculture ministry, and Oxford and Cambridge Universities. It was found in a tomb of an Egyptian king at ancient Thebes. Experts are attempting to produce germination by natural means, failing which they intend to try artificial methods. The question at issue is whether the nutritive content and value of wheat has increased or otherwise with the passing of the ages.

Chester, N.S., got a beautiful front page advertisement via Canadian Press news to the effect that "in this seaside resort, on Nova Scotia's South Shore they're talking already of organizing a syndicate of wealthy Canadians to try and bring the blue-hulled British boat to this province and groom her for another go at the historic mug next summer. Master yachtmen from the Maritimes, Quebec and Ontario gather here each summer for the yearly sailing contests, and some of the finest yachting on the continent is seen off these shores." The joke is that a challenger must be built in the country of the challenger—not merely acquired.

His Majesty the King in speaking at the christening of Queen

That Body of Pouts

By James W. Burns, M.D.

WHEN MENTAL SYMPTOMS APPEAR SUDDENLY

"A man who had enjoyed perfect health suddenly began to express foolish ideas—delusion—which rapidly passed on to insanity. He had an anxious expression, developed fantastic ideas of religious persecution and had to be restrained from injuring himself and others. A little later his temperature rose and he was found to have pneumonia." "During the influenza epidemic of 1918-19 many of the cases went on to pneumonia and many patients had the symptoms of sudden or acute insanity, in various forms." I am quoting the above because many cases of insanity are due to infection and may not come on suddenly as with pneumonia or influenza. As it has been found that infections may occur in the body and only after a number of years will the symptoms of insanity appear. Thus infected teeth, gums, sinuses adjoining the nose, have been found to be causing the strange behavior, and when the infection was removed, the mental symptoms disappeared.

A chronic appendix, a kink in the large intestine or anything stopping or slowing up the passage of waste down the large intestine may be the cause of mental symptoms. Strange as it may seem the infection may exist for years and instead of the symptoms coming along gradually at the same rate as the infection process seems to work, the mental symptoms may come on suddenly and the physician will naturally look for some recent cause such as fright, shock or other emotional disturbance.

However the physician must consider the patient's background or family history. When there is a history of extreme nervousness, an element of "oddness" or "queerness" in the family, or when the symptoms are not as readily due to infection as to some emotional disturbance.

But when the individual has always shown good common sense and had good health, and suddenly begins to have mental symptoms, the first thought should be to have an immediate examination by the physician and dentist in a search for infection somewhere in the body.

Codes For Fleas

(Manchester Guardian) In the United States every flea is a potential wage-earner, and every flea without employment is an obvious drain on the life-blood of the nation. For this very good reason the National Recovery Administration codes have been extended to cover the "industry" of performing flea work. No flea shall be called upon to work more than seven hours a day, instead of the eight that have often been demanded by their capitalist employers.

The immediate result has been a rise in the number of fleas in productive labor. Mr. Roy Heckler, the head of the industry, claims that no fewer than forty unemployed fleas have been put back to work this year. To be sure, nothing is said as to the conditions under which the fleas are made to work; it is possible that some are compensating themselves by enforcing a "stretchout" under which each flea must jump higher, faster and more often in the given time. Nor is it clear how the fleas benefit at all, for they do not get paid, and nothing is said as to how they are allowed to spend their extra hour of leisure.

But the important fact remains that more and more fleas are being changed from idle consumers into productive workers, and General Johnson may well feel proud of his success. Only one doubt can reasonably remain; does the General realize that these fleas are not American fleas? It is stated that only the temperamental fleas from Italy and Spain are any use for this kind of work, that (to put it bluntly) American fleas cannot get. Are these fleas, then, citizens? It may prove that their rights depend only on the recognition that Art is international.

The undiminished popularity of the Gilbert and Sullivan operettas in these sophisticated days, and the invariable success which attends any competent revival of them, never ceases to surprise. Originally presented between 1875 and 1880, their librettos and scores have been familiar for nearly half a century. Although Gilbert's text contains many witty thrusts at personal foibles of human nature, most of its satire and allegories are directed to social or political institutions that are nowadays forgotten.

It is written that "Juice from the turnip is recommended as a good depression substitute for orange juice or tomato juice. Attention is called to its value as a cheap source of scurvy-preventing vitamin C by Dr. E. W. McHenry of the University of Toronto." And the pulp can be stored up for use as plum and apple jam in the next war and used until the next one—and so on until the world safe for desecration.

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Big Issues In Next Election

(Exchange) In the next federal election, political leaders at Ottawa intimate, party labels are going to mean considerably more than they have for some time past. In other words the elections will be called upon to decide big issues, and not merely a choice between the "ins" and the "outs." According to authentic forecasts from big Conservative and Liberal sources, the Ottawa correspondent of the Toronto Mail and Empire, the voter is going to have to decide between a Conservative party espousing, in addition to its old policy of tariff protection, an advanced program of social justice, and a Liberal party vigorously championing traditional Liberalism. For once there is to be a sharp line of demarcation between the policies of the two parties, with neither aspiring to steal the popular features of the other.

Already, the correspondent tells us, the Bennett ministry is busy laying the foundation of the new and broadened Conservatism which is to be offered to the people.

The first stage is the coming Dominion-Provincial Conference on the constitutional question. The Bennett ministry will offer to accept federal responsibility for a wide range of social conditions arising out of industry. Not only will authority to extend unemployment insurance be sought, but also the power to regulate hours and conditions of work, rates of wages, and allied questions. In brief, the Government will seek authority to enact a comprehensive program of social justice in the interests of the workers of Canada.

Then, at the next session of Parliament, legislation will be introduced to amend the British North America Act, after which the other measures will follow. Intimations from well-informed circles in the Government forecast the most comprehensive proposals for social legislation which the Parliament of Canada has ever received.

The logic upon which the Federal Government is proceeding is that if industry is to continue to be protected—and tariff protection for the Canadian manufacturer and producer is to continue to be the corner-stone of the party's doctrine—then the worker must be protected also. The recent investigations by the Stevens committee have thrown grave doubts upon the adequacy of the existing social conditions. As against the Conservative party's preparedness to espouse the cause of social justice, the Rt. Hon. Mr. King, Liberal leader has indicated in recent months his complete willingness to sponsor a militant return to Gladstonian Liberalism.

"He would reduce tariffs by 50 per cent, and let those Canadian industries survive which can, he would wipe out the Imperial Trade Agreements and let Canadian markets open to foreign exporters on equal terms with Empire exporters; and he would abolish the marketing legislation of last session. In brief, Mr. King's contention is that the principles of Gladstonian Liberalism apply today as fully as they ever did, and that Canada should settle down to reorganize its industry on the basis of the survival of the fittest."

Mr. King's attitude is the logical challenge to the new Conservative doctrine of social welfare. The effect of the clear breach, which is thus growing up between the two parties is, accordingly, that the Canadian voter at the next general election, which will not be until next year, is to have the opportunity to decide whether he believes that the function of his Government is to strive to protect a definite standard of Canadian economic life, or whether it is simply to see that all trade barriers are levelled and that Canadian industry and agriculture are left to develop as best they may without tariff protection.

There was one reference to the enquiry "The House. Sir John Macdonald informed Sir Richard Cartwright that the report of the commissioner had been reviewed and that he would have a copy sent to the leader of the opposition, whereupon Sir Richard replied: "Better send it to me, seeing that this is an Ontario matter." The canal is located in Quebec province. Next—Work."

Our Good Customer

(Ottawa Journal) Figures published yesterday showed that in August, Canada increased her exports by \$10,500,000. But the figures, analyzed, showed more than that. They showed that the outlanders who took these increased exports were not Americans, nor Frenchmen, nor Germans, nor Italians. They were British. The British, in August, increased their purchases from us by 60 per cent; the South Africans by 28 per cent; the Australians by 26 per cent; the New Zealanders by 86 per cent; the whole of the Empire by 60 per cent.

The rest of the world bought two percent less from us. It is a fairly striking lesson about what Empire trade means to us British trade. And there is one other thing about what we sell to Britain, as against what we sell to others. It is that whereas most of what we sell to foreign countries consists of raw material—things these countries need—a great deal of what we sell to Britain is manufactured. Our British sales, in other words, are sales that make work over here. And wages.

Finally, British and the British Empire are prosperous customers. They have money to buy. While other countries have unrest, strikes, revolutions and what not, the British countries are peaceful, achieve recovery. Not merely do they provide us with our biggest market, they provide us with a market which needs goods and which can pay for them.

A slave who ran away from his master in Virginia was set to work by General Butler, and made to keep at it, much to his annoyance, which caused him to exclaim: "Golly, Massa Butler, dis nigger member him with a market afore; gosh dis chile will secede soon; gosh."

50 Years Ago

And Since By FRED COOK

FRED HAYTER AND THE CANALS

One of the early appointees to the Audit Office under Mr. J. Lorne McDougall, the first auditor-general, was Mr. Fred Hayter. Mr. McDougall had a penchant for University men, particularly from Toronto University, of which he himself was a graduate, and for many years the members of his staff came from the provincial university. There was no Civil Service Commission in those days.

Hayter was a curious chap. He used to meander to and from the office perched up on his bicycle, and at week-ends off to the country pondering how he could save money for the Treasury. He was the greatest human ferret I ever met and once he got on the trail of a wrongdoer he betide him.

Somewhere about 1888 or 1889 Mr. Hayter conceived the idea of including in the annual report of the auditor general the pay rolls of the different canals in Canada. It was an innovation which had disastrous results to one canal superintendent.

The auditor general's report has by law to be presented to Parliament in printed form within twelve days of the opening of each session and as soon as this particular report had been distributed a copy fell into the hands of a gentleman in the City of London, a member of the British North America Act, after which the other measures will follow. Intimations from well-informed circles in the Government forecast the most comprehensive proposals for social legislation which the Parliament of Canada has ever received.

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The Poet's Corner OLD Says the son of man: "I am old!" Yes, he knows there are older things: The lurking wolf on the wild; The windy, spumy wings Of the sea-gull; and the sea-creatures, rough and cold; Likewise, though these be old, There are ever older things: Mountains in snow-clouds stoled; The golden downings Of the spent sun, in his harness of fire; In waiting gold. O what is it then to be old? Still older and older things: Pulse through the Vast; untold In aeonian journeyings: Majestic orbs and orbits, mysterious manifold. —George Herbert Clarke.

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Four Elections Won With Money, Etc. (Toronto Mail and Empire) There is not much occasion for surprise in the aggregate result of yesterday's five by-elections. While Mr. T. L. Church held Toronto East for the Conservatives, the other four have elected regular Opposition candidates. In North York Captain Breuls made a good run, but the constituency returned to the Liberal column where it belonged before the late Colonel Herb Lennox redeemed it and held it against all comers. He was one of the most phenomenally successful organizers and campaigners in the history of the province. Prior to his day the riding was the private preserve of the Mulocks and other leading Liberal families. A young scion of this aristocratic family was backed by ample campaign funds and he won the day. In West Elgin the Liberal majority, achieved by Mr. Hepburn in the last Federal general election, was well maintained, one reason being that the Conservatives were short of money and that the Liberals had an ample supply, whether it came from the Beauharnois corruption fund or from the huge railway contracts let by the Mackenzie King Government when it was pouring out hundreds of millions of dollars in the hope of winning the general election of 1930. The Government did not expect to win Kenora, but it should have won Addison-Frontenac. This old Conservative seat has fallen to the Liberals partly because of lack of organization and funds.

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