

Bearing these points in mind, there next comes the question of the Anglo-Japanese Treaty. Cabinet Ministers of the future will have decided opinions of the policy of Cabinet Ministers of the past. Britain, in signing this particular treaty, must have been influenced by the extraordinary progress of Japan. In the Far East, the Land of the Rising Sun is the centre of attraction. The time may come when it will there be all-powerful. An international binding between Japan and Britain may be good diplomacy for the present day. When America's Pacific coast begins to thicken with Asiatic labor, those who see dark clouds far ahead will know those clouds have come nearer. As human nature is constituted, there must inevitably arise a clashing between two races on the American continent. However civilized nations may become—there are still unmistakable traces of barbarism everywhere—a universal fusion of colors in mankind will be found an impossibility. Assimilation is unpracticable; it is also undesirable. The problem is with us all the time. It is not acute yet. But an important chapter of history has yet to be written.

BANKERS AND COBALT.

The Canadian banks should help, more than they have done, the development of the Cobalt mining field. This is a recent suggestion. Undoubtedly in Cobalt, Ontario has a beneficial source of income. If enterprise be directed into right channels, it can be of still more benefit. The mining industry, properly conducted, is of advantage to the general welfare. The stock broker who jumps in where the profound geologist fears to tread cannot harm the legitimate industry beyond the limit of the investor's foolishness.

There are some valuable properties in Cobalt waiting exploitation. There are others which have commenced development work. Lacking funds, they cannot proceed. Some of the mining men say the banks will not assist them, or at least that our financial institutions are not sufficiently generous in view of the known and possible wealth of mineral properties.

In any mineral camp and in its financial transactions there are elements of speculation, of roguery, of chance, and of straight dealing. The finances and financiers of some mines have been found as difficult to handle as the slippery eel—the only difference being that you can kill the eel. Again, the opinion seems fairly general in mining circles, and some experts have expressed it to the Monetary Times, that our bankers might wisely give further aid to this particular camp. From the banker's viewpoint similar considerations apply. Whether bankers are willing to assist further is a matter for their reflection and action. The most important phase to the banks, perhaps, is that they should have advice of the best. With agriculture, with most industrial and railroad stocks, with manufacturing industries, it is more easy to judge as to the question of security, responsibility, and so on. With mines, things are different; but it would not be difficult to obtain the services of independent mineral experts, whose reports are above the breath of suspicion. There may be objections. On the face of it there seems some little claim for at least a discussion of the matter.

The Cobalt camp has proved an exceptionally rich region. Since 1904 some 36,500 tons of ore has been shipped from the various mines there. This and other facts demonstrate conclusively that Cobalt is worthy of regard. On another page are printed the reflections of a mining authority of the United States concerning this matter. It would be interesting to have opinions on this topic.

TRADE DEPRESSIONS AND THRIFT.

Every trade depression brings forth a host of reasons therefor. It has been laid down by one authority

that the cycle theory as applied to panics—and a depression usually follows a panic—runs something like this: Panic, depression poverty, peace, prosperity, pride, war, boom, panic. One might argue interminably before any impressive reasons could be vouchsafed for a practical remedy for the mitigation of trade depressions.

Mr. N. Johannsen, in a treatise entitled *A Neglected Point in Connection with Crises*, advances a new theory as to the cause of depressions. He treats more particularly of the saving process, stating that under certain circumstances may be laid to its charge the unwelcome conditions experienced in dull times. In discussing his theory it will be as well to quote briefly his views. Lack of demand, he says, is the characteristic feature of crises and depressions, especially of the latter; lack of demand for working forces as well as for commodities.

The cause of this lack of demand, at times of depression, is practically unknown. Some economists have tried to connect it with the saving process. If a man earns \$1,000 and spends only \$900, he will create a shortage of demand to the extent of \$100, and unless this shortage were counteracted, we would here have a clear case showing how the lack of demand is introduced into our economic system as a positive and definite element.

Our economists hold that such counteraction takes place whenever the savings funds come to be invested. In the course of the investment they are finally expended for goods or commodities. Thus, if the said amount of \$100 be applied towards building a house and be paid out in the shape of wages to the builders, the latter will expend the money in buying the commodities they need. This constitutes a demand to the extent of \$100, not only for goods, but also for such working forces as produce the goods, or, as it were, reproduce them. This demand fully compensates for the original shortage of demand caused by the saving activity—a process which can easily be traced.

But will such compensation also take place where the savings funds find no opportunities to be invested in enterprise and new constructions? At times of depression such opportunities become scarce and the funds have to follow a different mode of investment which is hard to trace. Our economists maintain, that even then a compensation is effected. They point to a very peculiar phenomenon which can always be observed at such times, namely, the savings funds which constantly flow into the money market do not accumulate there except to a small extent, but find their way back into the channels of production and trade. They cannot get back into these channels without buying goods or commodities in some shape or other. If they do, they create a demand, not only for goods, but also for working forces. The demand thus created by the expenditure of the said \$100 will be fully as large as the original shortage of demand (\$100) caused by the saving activity.

From these facts, undeniable as they are, our economists have drawn the conclusion that the saving activity cannot result in a shortage of the demand, provided the savings funds be promptly invested. This conclusion has been universally accepted as correct, and has practically become an axiom in modern economics. Still, it is not reliable, thinks Mr. Johannsen.

The conclusion loses sight of a certain eventuality. In ordinary business each participant (workingman, trader, capitalist, etc.) furnishes both supply and demand. If A supplies goods or services to the community worth \$100 (or draws income from the community in any shape), he subsequently will buy a hundred dollars' worth of goods from the community; either he or his family. Just so with B. Ordinarily, therefore, two sets of working forces, A and B, will furnish two supplies and two demands. At times of depression, however, we often find only one supply and one demand between the two sets of working forces, some of the individuals producing without consuming—others consuming without