INDIVIDUAL EFFICIENCY AND NEW CAPITAL

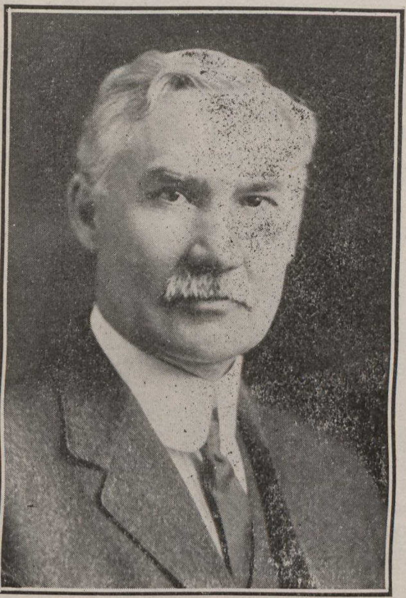
Two Essentials to a Progressive People—Address of Washington's Director of Mint

"There are two essentials to a progressive people. There must be constant gains in the individual efficiency of the population and there must be a constant accumulation of new capital to finance the new ideas and supply the new equipment that progress requires. It used to be said out west that a farmer wanted to buy more land to grow more corn to feed more hogs to buy more land, and so on ad infinitum. And so gains in efficiency and gains upon capital will act and react upon each other indefinitely and for the common good, and if the bankers have a better comprehension of these common interests than any other class, it is for them to lead in the work of education."

This was the keynote of an unusually interesting address by Mr. George E. Roberts, director of the Mint, Washington, to the New York State bankers at Ottawa, this week.

All Interests are Interwoven.

"The bankers," he continued, "know, because the facts are daily under their eyes, that the interests of all classes are so interwoven that there is, and can be, no such thing as a 'class struggle' in the sense in which that term is used. There are conflicting interests, but they are within classes as much as between classes. In the nature of things, capital competes with capital rather than with labor. New capital



GEORGE E. ROBERTS,
Director of the Mint, Washington.

is always waging a war of extermination upon old capital, and outside of land values nearly all of the capital that existed in the United States fifty years ago has been thrown on the scrap heap since.

"Take a look over the so-called struggle between capital and labor for a moment. In all progressive countries the supply of capital increases faster than the population. The population of the United States in 1880 was 50,000,000; in 1910 it was 90,000,000, or doubling in about 35 years. The wealth of the United States doubled between 1880 and 1900, twenty years.

"Now what does it signify that capital increases faster than population? Simply this; there is no way by which capital can be put into use except by employing labor. Every dollar of new capital accumulated creates a new demand for labor, and if the two are increasing at the rate of 35 to 20 how will the equation work out?

Capital and Labor.

"Capital and labor must be used together, and with the supply of capital increasing faster than the supply of labor it is inevitable that labor shall steadily gain a stronger position. Every little while we have the suggestion, and from wise men too, that before things are settled labor will have to be 'liquidated.' I remember of reading it after the panic of 1907, and every year since. I read it in January last, and then in another column of the same paper I read that the largest employer of labor in the world would on February 1st give the largest advance to unskilled labor ever granted by a single employer at one time. And I do not doubt that the United States Steel Corporation granted that advance for the very practical reason that its works were full of orders and it wanted men.

"Labor will never be 'liquidated' as long as capital grows faster than population. But if capital accumulations fall off; if our earnings fall off or our savings fall off; if we become inefficient in production or wasteful in expenditure—then there will be danger that everybody will be 'liquidated.'

"There is still another phase of this subject. It is said that capital substitutes machinery for labor. So it does, but what becomes of the products of machinery? Does it come home to you that practically all of the vast expenditures we see going on about us for construction and equipment, are for the purpose of serving in some manner the masses of the people—of supplying something they want and can afford to buy? It wouldn't take many railways or factories to supply the wants of the rich? It is the wants of the millions that keep the wheels of business moving. And with capital increasing faster than population, and with this enormous increase in equipment, together with the improvements in methods and machinery, we have a constantly increasing supply of commodities per head of population, and the only way these commodities can possibly be distributed is by such a continual readjustment of wages and prices as will enable the masses of the people to buy them. There would be congestion in every line of production, and enterprise and industry would choke down if the purchasing power of the masses did not constantly increase."

Finance and War.

Speaking of the relations of finance and war, Mr. Roberts recalled the occasion when two years ago, a German warship steamed into a port of Morocco, with a remotely implied threat of war with France, with the result that so much French money was withdrawn from Germany that the Imperial Bank was obliged to expand its loans by $200,000,000 within 30 days, and meantime the Berlin Stock Exchange was in panic and German industries and securities lost hundreds of millions more. "No nation liveth to itself alone in the twentieth century," said Mr. Roberts. "The wealth of the world is now a common fund. There is a reservoir in London, another in New York, another in Montreal, and others elsewhere, but they are all connected. You cannot draw down the supply of capital in one without affecting the supply in all. You cannot burn up, confiscate, or destroy capital anywhere that the whole civilized world does not suffer loss. There is not a remote district in Canada to-day where money is not tight and enterprise in check because of the war in the Balkan States."

INSURANCE COMPANIES IN THE WEST

The Mount Royal Assurance Company, of Montreal, has been registered in Alberta.

The Canada Hail Insurance Company, of Winnipeg, has been authorized to carry on the business of hail insurance in the Province of Alberta.

The Canada Hail Insurance Company and the Excess Insurance Company, Limited, have been registered in Saskatchewan.

CROWN RESERVE FINANCING

Monetary Times Office,
Montreal, June 11th.

At a meeting of the Crown Reserve Mining Company, held in Montreal this week, it was announced that the shares of the Porcupine Crown Mines, Limited—which is the name of the company owning the new McEnaney property—will be offered to shareholders of Crown Reserve Mining Company at 80 per cent. of par (80 cents a share) in the ratio of one share of Porcupine Crown Mines to each four shares of Crown Reserve. The number of shares available for Crown Reserve shareholders is 440,000 of $1 shares. In addition to this, employees will have the right to subscribe to 26,664 shares, also at 80 cents per share. The balance of the $2,000,000 capital of the new company remains with the Crown Reserve Company itself and with the vendor of the McEnaney, the Crown Reserve Company having 1,200,000 shares and the vendor 333,333.

No estimate is placed on the value of the rights. If one were to assume that the new stock is worth par, it is easy to see that this would mean five cents per share of Crown Reserve stock.

In addition to the shares given to the vendor of the McEnaney property, the sum of $200,000 has been granted him. Out of this he will, however, refund one-sixth of the initial capital expenditures, which refund amounts to $66,000.