

our economic equipment. Only in this manner can real wages, as distinct from money wages, be increased.

Mr. Vanderlip, after a survey at first hand of the situation in Europe, reports that the world has never witnessed anything that approaches the wreck and ruin of the industry and agriculture of continental Europe; and that no one need expect the quick recovery and revival of business that followed other wars. In the Franco-Prussian war, and the American civil war, the conflict was confined to enclosed territories, and aid could be secured from contiguous states. With the exception of this continent the entire western world is threatened with industrial and commercial stagnation, or worse. Quick recovery is impossible unless aid comes from those nations that have suffered least, in a material way, from the effects of the war. That aid can come best in the form of goods or credit.

#### Europe Affects our Prosperity

It is a platitude that needs repeating, nevertheless, that unless goods are bought from the nations to which goods are exported the markets in question will disappear. It is of urgent importance, therefore, that the trade of continental Europe be quickly restored. The United Kingdom and the United States have advanced vast sums to the nations with which they were associated during the war, and on the lowest material grounds alone should be anxious to aid in their rehabilitation. That is one compelling motive for striving to promote peace, order, and good government throughout the world. But aside from the natural desire to protect investments there is the hard fact facing the more fortunate countries that bankrupt neighbors do not make good customers. It is essential, therefore, for social safety and economic progress to restore the credit and trade of Europe as soon as our resources can be mobilized to that end.

Canada has already arranged to grant public credits to Belgium, Greece, and Roumania for the purchase of the products of this country. It may be necessary to co-operate with the United States and Great Britain in supplying additional credit of this nature, although the best results will be secured by permitting private enterprise to resume its former functions in the sphere of finance. In any event, the European nations must be granted sufficient time to rebuild their industrial mechanism before being called upon to make money payments for the supplies they receive. This can be accomplished by making a more extensive use of credit. In the last analysis, credit is merely the coining of future goods into a present means of payment. France, Belgium, and the other European nations that have suffered so heavily, must be given the opportunity to produce the commodities with which payments will ultimately be made. It is idle to suppose that they can discharge their obligations either now or in the future by the use of money alone.

In Mr. Vanderlip's judgment it is the duty of this continent, and notably of the United States, to supply Europe with the goods and credit essential for its rehabilitation. All the European nations require foodstuffs and raw materials, for which they are at present unable to pay in any form, either in money or goods. The European markets are starving for cotton, woollen, iron, pottery, leather and other wares, to set their own industries in motion. If foodstuffs and raw materials were supplied in sufficient volume, on credit, to the various countries concerned, first to the manufacturers and wholesalers, and then by these in turn to the retailers and the final consumers, it would be possible to set the wheels of industry in motion and provide work and wages to the population at large. Aid of this nature furnished to France alone would help to rebuild a market which, before the war, absorbed more than \$100,000,000 worth of goods from Belgium, and \$200,000,000 from the United Kingdom and Germany, respectively; while, with the revival of industry throughout the rest of Europe, it would restore to France a market in which was formerly sold \$700,000,000 of its own commodities. To be sure, such credit must likewise be granted to the other European nations, or the scheme would otherwise break down. If, however, the United Kingdom and the United States were willing to assume such tremendous risks by way of providing materials and supplies, as well as capital, to their associates during the war, they

must be equally prepared to run risks to help build that new world order for which the war was waged.

#### Facilitate Export Business

The United States Congress has adopted a measure by which, through amending section 25 of the Federal Reserve Act, it becomes possible for the national banks to invest up to five per cent. of their capital and surplus in concerns formed for the purpose of engaging in operations relating to the export business. This means that the American banks are preparing to do their part in not only pushing the export business of the United States but in providing the credit essential to carry it on. An important phase of the problem of rebuilding foreign trade is the matter of bringing exchange rates back to as near the normal as may be. In one sense the heavy discount on British and other European exchange protects the home markets; inasmuch as it discourages buying abroad; but at the same time it places obstacles in the way of the free flow of goods, and thus retards a return to healthy commercial conditions. As a result of embargoes and other restrictions, exchange rates have fluctuated in a way to seriously hamper trade, which cannot return to normal until a free gold market is again established under concerted international action. It must be kept in mind, also, that the European nations have little or no gold to spare, and that their already depreciated currencies need more support from the yellow metal if prices are to be controlled, and if these nations are to resume trade on the old lines. It will therefore be necessary on the part of the United States and the wealthier nations to accept securities as well as gold, and indeed to make large use of credit instruments in restoring international trade, until it is brought back to the point where the bulk of the transactions will be based upon an exchange of goods for goods.

It was discovered during the war that co-operation in the field of finance was imperative for success. In Canada, owing to our system of branch banking, there has been, for many years, a certain measure of unity in our financial affairs; although there was, and is, room for improvement. The United States, however, learned the lesson slowly, and only after bitter experience, that, however much the individual institution might depend upon its own resources and skill in management in ordinary times, it was a sheer necessity to co-operate in time of panic and crisis. Mr. Vanderlip has had wide experience in the banking world, and realizes therefore all the more that what the pressure of events compelled the United States to do in establishing the federal reserve system has now become necessary for the entire western world. If our present economic system is to survive the assaults of Bolshevism and the attacks of extremists who have nothing to lose and everything to gain, inasmuch as they care nothing for what may follow upon riot and license, there must be concerted action on the part of those who have the power to restore industry and promote progress. The Anglo-Saxon nations have the economic reserves to do this great work, if selfish and false political and economic shibboleths do not block the way of progress and social reconciliation.

#### MANITOBA COPPER PROPERTIES PURCHASED

Hayden Stone and Company of New York and Boston have arranged to purchase the Flin Flon low-grade copper mining properties in northern Manitoba. A railroad will probably be built to serve the district. Associated with the firm will be E. C. Jackling, of New York, well known as the engineer of the Utah Copper Company. Hayden Stone and Company control the Utah, the Nevada Consolidated, the Ray Consolidated, the Inspiration, and the Chino Copper companies. Only the final details of geological examination remain to be completed before the option is taken up and engineers are now doing this work.

The mines are at present owned by the six prospectors who discovered them, who own one-third, John E. Hammell of Toronto, who owns one-fourth, F. Currie of Toronto, who owns one-eighth, A. Fasken of Toronto, who owns one-eighth, and David Fasken of Toronto.