

must also be elongated, and vice versa. Liquid resources are represented by the base of the triangle, which must increase in a certain ratio to the increase of the two sides. Should a crisis come, in all probability customers might as a last resource want to draw out gold. Therefore it is of the greatest importance that every banker should hold a certain proportion of gold.

### CANADA'S EXCELLENT CREDIT

A writer in the London Financial Times draws attention to States of the neighboring Republic which have repudiated debts. The article is in the form of an open letter to President Wilson, and was suggested apparently by a Washington criticism of Mexico and its finances. The writer points out the fact that while the United States Government insists that Central and South American republics must not shelter themselves behind the Monroe Doctrine in order to evade their obligations to bondholders, there are no less than nine of the United States which have repudiated their debts and refused to make any settlement whatever; namely, Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and West Virginia, whose defaulted debts are estimated to amount to upward of \$250,000,000. On the other hand, the sole defaulter in Spanish America is the financially embarrassed Republic of Honduras. The excuses put forward by the defaulting States for their conduct, the Financial Times says, may be dismissed as being of the usual type offered by dishonest debtors.

The letter proceeds: "You may, sir, with truth, argue that these defaulting States of the Union over which you preside, are so far as concerns their own internal affairs, independent bodies; but the argument applies with a good deal more force to the republics of South and Central America. If, then, the United States Government is resolved, in the words of ex-President Roosevelt, to see that the Spanish-American republics 'act with decency and pay their debts,' it appears to us that on the principle of the text 'Why beholdest thou the mote that is in thy brother's eye, but considerest not the beam that is in thine own eye?' The authorities in Washington should see to it that the same rule be first observed in the United States.

"The eleventh amendment to the constitution of the United States precludes private citizens of America or any other country who are creditors from bringing the defaulting States into court. If the United States government will not permit the Spanish-American republics to shelter themselves behind the Monroe Doctrine in order to evade payment of their debts, it is still more incumbent on it to see that its own States should not be allowed to misuse the eleventh amendment of the constitution in order to do precisely the same thing."

Canada's nine provinces, which can be compared roughly with the States to the south, have never repudiated their debts. To date, each provincial government enjoys remarkably high credit in the world's money markets. The Dominion government's credit, too, is excellent. Sir Frederick Taylor, in a recent interview, stated that the securities of our federal government are in a class by themselves, and an enviable one, too. Examining the records of Canadian municipalities they too give a better account of themselves than the nine States mentioned. Only on rare occasions have Canadian municipalities encountered difficulty in the matter of bond interest and in all cases, the trouble was adjusted almost immediately. These are pleasing facts for these days when, on account of the shortage of capital, credit is subjected to microscopic examinations. There is no desire to emphasize the financial lapses of the States, but it is good to know the manner in which Canadian governments, Dominion, provincial and civic, have placed their credit on a sound foundation and have kept it there for nearly half a century.

### THE TRUTH IS GOOD.

The organized campaign in Germany and Austria against Canada is not likely to work any great harm to the Dominion. The day has passed when thinking people take any stock of idle stories, such as those being printed by Dr. Heindl in German papers. The Doctor, apparently, does not understand the rapidity of growth, largely through the medium of immigration, in this new country. For instance, he says that railways have made the building of townships a fine art, their managers taking a pencil in hand making a few dots on the map and, high presto, new towns! He continues: "The railway is built into a middle wilderness in a single night. Construction gangs disappear and the line lies lonely and forsaken on an endless prairie. Next morning's train brings speculators and a land auction begins for the surface where nothing but here and there is a wooden post. Purchasers, however, see visions of skyscrapers and underground traction systems, some streets marked down for a retail district, and immediately prices asked are fifty to seventy, and even one hundred dollars a foot. The speculation fever rises to madness.

"Next day the speculator sits in his office tent writing an advertisement that 'the town is the backbone of Canada.'

"If there are trees the advertisement reads, 'Come to the centre of the lumber industry of Canada.' If treeless, it is called 'wheat lands.' If it could not grow potatoes the land agent says 'it is famous for its parsley.'"

This all makes amusing reading to the untravelled of old countries who point with pride to a few rows of new houses built in their town "during the past few years" In Canada, existing cities and towns must grow fast and new towns must be built in a twinkling to accommodate new citizens. Toronto, for instance, is adding to its population at the rate of 30,000 a year. Places on the prairies which were unknown a few years ago, are thriving towns to-day, the centre of wheat growing and mixed farming. As for speculation, that will occur always and in all lands where barter is known. If it is not in land, it is in stocks, or oil, or wheat, and so on. Even Germany has not been free from speculative gambols.

Dr. Heindl probably never will understand that the man who writes the advertisement that his town is "the backbone of Canada," really believes what he writes. The faith of the Canadian in his own community is one of Canada's greatest national assets. All those little backbones make a big one. The town in which the Canadian lives, the town where his bread is buttered, is the centre of the universe, as far as he is concerned. That may be exaggerated faith, but it takes men with a measure of exaggerated optimism to break the channel for the constantly increasing tide of immigration from all other countries. If Dr. Heindl were to spend a few years in western Canada, and cease to grind axes, he would probably have a much higher opinion of our country, its work and its future. Germans living in Canada have, and we call them Canadians.

### HOW CAN EGGS BE MAILED?

Inventors and other experts are continually springing their ideas upon *The Monetary Times*. Here is a real chance for their constructive ability. It would make glad the heart of Dr. A. D. Melvin, chief of the Bureau of Animal Industry, at Washington, if he is sent an egg container that will make possible the shipment of eggs by mail. Dr. Melvin is in search of such a container as will permit the shipment of eggs direct from the farm to the consumer through the parcel post. He is said to be anxious as any householder to break down the rising cost of the breakfast table.