

FINANCIAL FEATURES

U. S. BUYS MANITOBA ISSUE.

Another provincial bond issue has been sold for absorption in the United States, last week, the province of Manitoba disposed of an issue of \$750,000 to two Minneapolis firms, Wells, Dickie & Co., and the Minnesota Loan Co. The bids were all in Canadian funds and on that basis the province borrows at 5.64 per cent.

In the absence of knowledge of the exchange to be paid by the underwriting syndicate, it is difficult to estimate the cost in American funds. The issue is for ten years, and bears six per cent., and the bonds are payable in the United States. The following tenders were received.

Wells, Dickie & Co., Minnesota Loan Co., 102.72; National City Co., 102.48; Harris, Forbes & Co., 102.43; A. Jarvis & Co., Canadian Debenture Corporation, and associates, 101.31; Wood, Gundy & Co., 101½, and A. E. Ames & Co., 99.59.

GOOD PRICE FOR SHORT TERM BONDS.

Bids from twenty-two prospective buyers were received for the Province of Ontario issue of \$5,000,000 seven-year, 6 per cent bonds, payable in Montreal, Toronto, and New York. It is stated the bonds are to be issued in New York by the buyers at 95.60 to yield 6.80 per cent. Tenders follow:—

Wood, Gundy & Co., A. E. Ames & Co., R. C. Mathews & Co., and the Illinois Trust & Savings Bank, 104.533 (accepted). A. B. Leach & Co., Paine, Webber & Co., Hornblower & Weeks, Wells, Dickey & Co., Carstens & Earles, Redmond & Co., and Canada Bond Corporation, 104.22. Halsey, Stuart & Co., First National Bank of Detroit, and A. Jarvis & Co., 103.17. Harris, Forbes & Co., and National City Co., 102.367. Continental Commercial Bank, Chicago, First Trust & Savings Bank, Chicago, Blythe, Witter & Co., and Wm. R. Compton & Co., \$103.14. Dominion Securities Corporation, and Wm. A. Read & Co., 104.417.

EUROPEAN EXCHANGE

There are few indications of any improvement in the exchange conditions as between European countries and Canada and the United States, according to the best advices received. Detailed reports of the proceedings of the Financial conference of the Allied Governments held in Brussels some time ago at which Canada was represented by Hon. Hugh Guthrie, Minister of Militia, give little indications of a betterment of monetary conditions in continental countries.

The startling fact was revealed in the public finance report submitted to the conference that three out of four nations represented at the conference will have a budget deficit this year which means that three-quarters of the civilized world is not paying its way in the second year after the cessation of hostilities.

It was also shown at the conference that eleven out of the twelve European

nations are this year spending more than they are receiving in revenue, the one exception being Great Britain. This condition of affairs means a further decrease in the purchasing power of the continent, which is not paying its way, and is still printing money for the purpose of spending more than it has already got.

In these circumstances, it is stated by financial experts, no surprise need be felt if the weakness of continental exchange is indefinitely continued. The effect of the continental countries spending more money will be to keep up the cost of living on the continent to the extent that the increase in nominal purchasing power will not be offset by any increased production of purchasable commodities. Consequently, instead of the situation improving, exchanges are likely to become more adverse to Europe.

FINANCING THE CROP.

Financing the crop movement has within the last four weeks increased the amount of Dominion notes in circulation by nearly seventeen million dollars. At the same time the amount of gold held remains practically unchanged. During the four weeks, period, however, approved securities deposited against Dominion notes have increased by rather more than the increase in circulation. Thus the total backing of Dominion notes in circulation—gold and securities combined—bears practically the same ratio to the circulation that it bore a month ago. The figures for the two months are:

Dominion note circulation: November, \$320,012,915; October, \$303,065,376.

Gold held: November, \$95,222,381; October, \$95,205,901.

Securities deposited: November, \$166,715,125; October, \$149,620,125.

Since the outbreak of war, Dominion note circulation has expanded enormously. On March 31, 1914, it was \$117,795,718, and the gold held by the Government as security for the notes totalled \$96,161,366, or more than the gold held today for a circulation of \$320,000,000. As the necessities of war financing accumulated, so the circulation of Dominion notes expanded, until it reached a peak of \$337,319,309 in November, 1918. There has since been a decline in circulation, although there has been little change in recent months in the ratio of gold to circulation.

GERMAN INFLUENCE ON EXCHANGE.

The "London Times" says in reference to a sudden decline in the dollar value of the pound sterling: "The market was remarkably steady in the circumstances. One prominent business man attributed the remarkable steadiness of markets generally to the absence of the German element. He recalled the fact that in times of stress before the war the German banks and the German firms on the Stock Exchange usually were the authors of any collapse in values.

Britain's Unemployment Insurance Act A Critical Review by "The Financier"

Last Monday week witnessed the beginning of the operation of the Unemployment Insurance Act (1920) — a piece of legislation which received all too little discussion and ventilation while it was in process of construction, and which has embodied in it provisions appropriate and proper enough in a condition of society which has never existed and probably never will, but which will be mischievous so long as it continues to be human to err. The underlying principle of the Act is simple enough, and in essence it is acceptable enough, for, viewing it in a detached kind of way, it resolves itself into a logical development on the old-established law that no man or woman ought to be allowed, in a civilized community, to lack the essentials of life.

The principle as applied in the Act of Parliament is that employer and employee are together made responsible, with a guarantee by the State (which we should never forget means the taxpayer), for the establishment and maintenance of a fund out of which the bona-fide unemployed shall be entitled to draw certain benefits under certain circumstances. Unemployed insurance is not a new thing in this country, but the Act extends the application of compulsory insurance against unemployment to substantially all persons in respect of whom Health Insurance contributions are payable, other than out-workers, people employed in agriculture, and private domestic servants.

The Employers' Obligations.

The weekly contributions are 8d in respect of men of 18 and over, 6½d for women of 18 and over, 4d for boys of 16 and under 18. Employer and employee share the payment equally in the case of males; women pay 3d and their employers 3½d, and girls pay 1½d and their employers 2d. In the familiar way, the employer is liable to pay both contributions, but he has a right to recover the fixed amount payable by the employee, by deduction from wages, under rules similar to those applying to National Health Insurance. The employer is responsible for obtaining unemployment books from all employees insured, and for affixing the appropriate stamps; and lately the Labour Exchanges have been besieged by crowds of irate employees seeking to provide themselves with the books, after filling up the necessary forms under the usual unnecessary difficulties.

An Obvious Evil.

The obvious evil that may arise under any Act of the kind is the possibility of encouraging people to loaf. True, the doles payable to unemployed persons under the Act are not sufficiently prodigal to make absolute idleness a thing to be feared so long as living conditions are what they are. The process is that the insured, on losing employment, takes his unemployment book from the employer and lodges it at an employment exchange or branch employment office, making

a claim for the benefit, and apparently thereafter the signature of a register daily, or at other intervals as may be directed, becomes acceptable evidence of unemployment. For the first three days no benefit is payable, and the maximum period of benefit is 15 weeks in any insurance year, which begins and ends early in July. It is laid down also that benefits cannot be obtained for more than one week for every six contributions standing to the credit of the employed person. Here we see some more or less definite check upon the habitual unemployed.

An Impossible Requirement.

One of the conditions of benefit laid down is that the insured contributor shall make application for unemployment benefit "in the prescribed manner", which is right enough, and shall prove "that since the date of the application he has been continuously unemployed." If this clause were seriously and strictly put into operation it is doubtful whether anybody would ever receive unemployment pay, for it is a very difficult thing to give proof of idleness. It is negative proof. All of us have hours in our weeks for which it would be difficult to account by the mouth of credible witnesses, and it follows that the officials responsible for the operation of the Act must dispense with absolute proof of unemployment and so the door is opened for fraudulent claims. The high emoluments attaching to being out of work after the armistice gave ample demonstration of this kind of thing.

Again the contributor, to become entitled to benefit, must be "capable of and available for work, but unable to obtain suitable employment." What does that mean? It is perfectly certain that it will be interpreted by every manual worker as meaning employment at his own trade, and at his own branch of it. Suppose a bricklayer went to a builder and asked for employment, and the builder out of kindness of heart, offered to give him a job for a week or two levelling a tennis-lawn, would the Act apply? Would that be suitable employment? One would imagine if one had not grown so old, that any good, honest work which would keep a man going would be suitable if he were unemployed, so long as he did not steal another man's job. But legislative recognition of a man's right to the means of life is hardly conceivable without leaving loopholes for abuse by the unscrupulous, and, unhappily, the trade unions do not appear desirous of legislation which will clearly distinguish between the honest poor and the dishonest.

The Act as it stands is full of opportunity for the work-dodger, and the trade unions, in the clauses they have caused to be inserted in protection of their own doctrines and members, have done nothing to protect their members (or the rest of the community, but that goes without saying) from men and women, who are always ready to thief from the Government, forgetting, or not caring, that the Government is the people.