

Smith's Awakening

The Elevation of Human Welfare above Profits

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A farmer named Smith had a horse to sell. He heard that horses were wanted for the war and that a government purchasing agent would be in the neighboring town on a certain day. He immediately set about preparing his horse for the sale.

He knew that the horse was old and infirm, incapable of hard work or of hardship. Therefore he did what he could to conceal the beast's failings. He rested him for a few days. He fed him well. He groomed and clipped him. He succeeded in making him look, for one single day, both strong and active. He induced, for that one day, a mood of mettlesomeness and gaiety into the aged brute.

And all this he did without a single twinge of conscience. He was doing only what every man of his acquaintance would do, in similar circumstances. His father had done such things before him. Horse sales, to his knowledge, had never been conducted on any other plan. It was "good business" on his part to get all he could for the horse. The other side of the question was the buyer's lookout.

So he sold the horse for a fat price and congratulated himself on having done a good stroke of business. Doubtless he felt some of that sanctity of soul which is the inner support and explanation of the dignity and self-confidence of so many "leading business men." He felt that he was efficient, a man who could hold his own in the market place, and not as those who could not (for one would not if he could) make money on a horse deal.

Then, some weeks later, to his consternation, the newspapers began to call him a thief. The government at Ottawa became so outraged at his conduct that a commission was sent down to investigate. A titled gentleman, who apparently had no capacity for appreciating successful strokes of business, had him haled before him and raked him fore and aft with questions a whole afternoon. His assiduous preparation of the horse for the sale, and his careful silence as to the animal's defects, so far from winning the judge's admiration, actually provoked his indignation. At the hearing were his old neighbors, with whose supposed admiration of his abilities his fancy had played, and he could read in their faces the unholy glee men display when a rogue is unmasked. Strangest and worst of all, his own conscience began to wake up and prod him severely. He began to believe that the judge was right. He found himself wishing that he had been frank and outspoken about the horse's age and strength. He covered before the judge's sharp questions, and replied in an apologetic fashion. Instead of justifying his conduct he found himself attempting to extenuate it.

Poor Smith's adventure is a sign to us of a notable improvement in ethical standards. If he had had a college education he could have buttressed his sale

of the horse with a string of phrases such as "enlightened selfishness," "buying in the cheapest market and selling in the dearest," "laissez faire," and "caveat emptor."

His offence may be said to be that he has lived too long. As he grooms his ancient plug he is symbol of the era which is passing away. All unknown to him, and unknown to most of his neighbors, the moralities of an ultra-individualistic day were perishing of senile decay. A new social order was being born which refused to call "the higgling of the market" the arbiter of right.

The war precipitated it. The war was the jarring of the vessel which crystallized the newer judgment of trade agreements. For many years the solution had been gradually approaching the saturation point. Little by little human values had been displacing commodity values. Little by little the falsity and cruelty of the "caveat emptor" way of doing business had been revealed. The call to battle for the defence of spiritual verities rang like a trumpet in the market places. When men were thinking of liberty, national honor, and the glory of the Empire, and other men were going out to fight and die defending these things, the sheer and unmitigated lust of profits was suddenly manifested as not at all the path to success and renown which had been claimed for it, but a base and contemptible crime.

It is probable that some of the munition "profiteers" are passing through the same experience as poor farmer Smith. The clamor of denunciation which has assailed them for the exorbitant prices at which they made shells and other supplies must be startling to them. They had never thought of any other commercial programme than this: to issue all the stock the public would absorb, to buy as cheaply as possible, pay as small wages as possible, and sell as dearly as possible. This was to them competition, and the very life of trade. And now the whole nation is attacking one of their basic principles! If they charge all that they can get, perhaps they may not get any stock which can be sold, or buy the cheapest materials, or pay the smallest wages. Where, they may be asking, is this thing going to end?

Let me try to tell them. It is going to end in the elevation of human welfare above profits. Business, like family life and national life, must become the servant of the common good. There was once a time when the law of the family was that the children served the father's purpose — that day is gone. There was once a time when the nation served the sovereign's will — that time too is gone, or is making its last great fight for survival in the Teutonic armies. Its great and holy mission is not to make profits but to provide for the physical wants of mankind. The time is coming when that purpose will no longer be subverted by avarice.

Bank of England Statement

The Bank of England reports a decrease in gold holdings for the week ending January 6 of about \$1,900,000 and an expansion in loans of more than \$13,300,000. The proportion of reserve to liabilities now stands at 20.95 per cent against 21.40 per cent a week ago.

The weekly statement of the Bank shows the following changes: Total reserve decreased £259,000, circulation decreased £115,000, bullion decreased £373,847, other securities increased £2,672,000, other deposits increased £6,137,000, public deposits increased £8,479,000, notes reserve decreased £303,000, Government securities are unchanged.

The proportion of the bank's reserve to liabilities is now 20.95 per cent, against 21.40 per cent last week, and compares with a decline from 33% per cent to 32% per cent in this week last year.

The detailed statement for the week compares as follows:

	Week ended—		
	Jan. 5, '16	Jan. 6, '15.	Jan. 7, '14.
Circulation	£35,194,000	£35,876,575	£29,942,925
Public deposits	49,294,000	23,808,643	7,185,436
Other deposits	105,835,000	133,348,529	46,544,175
Gov't secur's	32,840,000	14,810,345	13,098,974
Other secur's	114,747,000	108,931,870	32,092,407
Total reserve	34,358,000	51,421,918	26,517,484
Bullion	51,202,000	68,848,493	37,110,409
Prop. res. to lia.	20.95 p.c.	32% p.c.	49% p.c.

The principal items in the statement at this period in the past few years compare as follows:

	Other		
	Bullion.	Reserve.	securities.
1916	£51,202,000	£34,458,000	£114,747,000
1915	68,848,493	51,421,918	108,921,870
1914	37,110,409	26,517,184	32,092,407
1913	33,413,854	23,230,434	32,694,654
1912	36,047,702	25,909,202	31,971,920
1911	32,899,789	23,451,664	28,186,526
1910	33,703,843	23,288,123	36,211,039

The proportion of reserve to liabilities compares as follows:

	Per cent		Per cent
1916	20%	1910	39%
1915	32%	1909	36%
1914	49%	1908	43%
1913	45	1907	40
1912	47	1906	33%
1911	47%	1905	44%

CIVIC IMPROVEMENT LEA GUE.

The Conference of the new Civic Improvement League of Canada, to be held in Ottawa, on the 20th inst., is likely to be one of the most important municipal gatherings that have ever been held in the Dominion. The Conference will be held in the large Railway Committee Room of the House of Commons, and representatives are likely to be present from all the nine provinces. Montreal, Toronto, Winnipeg, and other large cities will be officially represented. Among the principal speakers will be Sir John Willison (Chairman), and the Hon. J. W. Hanna, Provincial Secretary of Ontario.

It is anticipated that municipal questions will be dealt with under three main heads, namely: Municipal Government and Finance; Immigration, Unemployment and Public Health; Housing; Town Planning and Local Improvements.

It is agreed that there is urgent need for discussion of the many civic problems that have already arisen and are likely to arise in the future as a result of the war. Great interest has been aroused in the new movement in all parts of the Dominion and there is extraordinary unanimity with regard to the need for a national organization to study and discuss municipal problems.

Shanghai	62½
Yokohama	50%
Manila	49%
Singapore	57
Bombay and Calcutta	33

Mexican rates:
 Mexican sight exchange No quotations
 Mexican exchange on N. Y. No quotations
 Mexican exchange on London No quotations

In a general way sterling quotations involve transactions approximating £10,000 or more. In the case of Continentals rates cover amounts approximating 100,000 or over.

* Documents for acceptances. † And three days' sight.

Foreign Exchange Rates on New York

Closing prices on January 6, for large amounts were as follows:

London—Bankers' 60 days	4.72
Bankers' 90 days	4.70
Demand sterling	4.75½
Cable transfers	4.76%
Documents for payment, 60 days, against grain	4.71
Grain bills, 7 days	4.74½
Commercial bills, sight	4.75
*Commercial, 60 days	4.70½
Commercial, 90 days	4.68½
Paris—Bankers' 60 days	No quotations
Bankers' 90 days	No quotations
Bankers' checks	5.83½
Bankers' cables	5.82½
*Commercial, 90 days	Nominal
*Commercial, 60 days	Nominal
†Commercial, sight	5.84%
Berlin—Bankers' 90 days	No quotations
Commercial, 90 days	No quotations
Bankers' 60 days	No quotations
Bankers' sight	73
Bankers' cables	73%
Commercial, 60 days	No quotations
Commercial, sight	No quotations
Antwerp—Bankers' sight	No quotations

Bankers' cables	No quotations
Commercial, 60 days	No quotations
Swiss—Bankers' 60 days	No quotations
Bankers' sight	5.11a5.12
Bankers' sight	5.10a5.13
Amsterdam—Bankers' sight	44%
Bankers' cables	45
Commercial, sight	44%
Commercial, 60 days	No quotations
Lire—Bankers' sight	6.59
Bankers' cables	6.58
Greek exchange—	
Bankers' checks	5.15½
Copenhagen—Checks	27.80
Sweden—Bankers' checks	28.10
Norway—Bankers' sight	28.10
Kronen—Bankers' sight	12.30
Roubles—Bankers' sight	29½a29%
Pesetas—Checks	19.15
Shanghai on London—	
Four months' bank credits	2s 7½d
Hong Kong on London—	
Four months' bank credits	1s 11 15-16d
Japan on London—	
Four months' bank credits	2s 2 5-16d
Far Eastern check rates:	
Honk Kong	47.25