

### STERLING EXCHANGE

When the big Anglo-French loan was first mooted, sterling exchange which had fallen to 4.50, a new low record, commenced to rise. As the discussion of the loan progressed, so did the improvement in exchange, with the result that some time before the loan contract was signed and the bonds were offered to the public, exchange had risen from 4.50 to 4.70. Those who expected that the actual loan transaction last week would have affected exchange more favorably still, were disappointed. The rising price of exchange had already discounted the favorable effect of the loan. Many bankers are of opinion that not until supplementary credits have been arranged by Great Britain and France or some plan agreed upon by bankers of those countries and United States bankers, will sterling exchange rise to a much higher level.

That there will be a supplemental loan seems to have been put beyond doubt by a reported statement of Lord Reading, chairman of the Anglo-French financial commission, to the effect that negotiations with that end in view, would probably be begun within two months. Whether it will be another bond offering or of an arrangement of a different sort, is a detail yet to be settled. The situation will be placed before bankers in Great Britain.

In reference to negotiations for supplementary credits, Lord Reading said: "Mr. Blackett (a British treasury official) and M. Homberg (one of the French commissioners) will remain in New York to look after supplementary credits. They will have the help of the third member of the British treasury department, to be appointed later." He also said the British government would sell exchange to individuals of Great Britain against the loan just obtained, thus indicating that it will not be used for governmental purposes exclusively. In the meantime, sterling exchange seems to be pegged around 4.70.

### CONTROL OF MUNICIPAL FINANCE

*The Monetary Times* has for many years advocated the establishment of greater supervision and control over municipal finance. This, it has been suggested in these columns, can well be obtained by the establishment of such central authorities as the local government board of England. Saskatchewan has had such an authority for nearly two years and on the whole it has worked well.

The report of the department of municipal affairs for Alberta points out that in the urban municipalities of the province the abnormal conditions in the past year have been felt more severely than in the rural municipalities and, therefore, the financial condition, which is always a big question in connection with these municipalities, has been more difficult to deal with than at any time in their history. This state of affairs may be traced largely to two conditions, the unusual money stringency, and the rather too optimistic spirit that prevailed in some of these municipalities in past years, inducing them to incur very large liabilities. The report continues: "There is always a time in the life of any urban municipality when there is a very rapid growth, and the optimism which this brings leads to the belief that it will become one of the large centres of population. The tendency under these conditions is to mortgage the future and to incur heavy indebtedness which may become too great a load for the future bona fide residents of the municipality to keep up since the expected growth is frequently not realized. The

failure of the municipality to reach the size expected is not usually because of any unfavorable conditions in the locality but simply because the majority of our urban municipalities being located in what is strictly an agricultural country can never be large centres of population. This idea of future greatness is too frequently fostered by irresponsible parties who have something to gain and nothing to lose by the municipality going into larger indebtedness than is warranted by actual conditions."

The report says also that while most of Alberta's urban municipalities will be able to weather the financial storm, it would appear advisable for some action to be taken in the near future whereby more control will be exercised by a central authority to prevent the incurring of a large indebtedness which will afterwards form too heavy a load for the municipality to carry. Such a measure of control, by which requests for bond indebtedness must be approved by an independent authority before the indebtedness can be incurred, is very necessary. It helps municipal authorities, and provincial credit, and Canadian credit generally. But it is important that a provincial local government board should not use its authority as a political weapon.

### A BITTER ATTACK

The attack on Mr. F. B. McCurdy, M.P., and his banking house, which appeared in a departmental store advertisement in a Maritime province journal, was decidedly vicious. It criticized Mr. McCurdy and his firm because they offered to forward subscriptions to the recent Anglo-French loan in the United States. On general principles, it was better that little Canadian money should go into this loan. Many investors here, however, desired to subscribe and several financial houses, while not soliciting subscriptions, placed their services at the disposal of their clients in the usual way. A little Canadian money was invested in this loan and the securities purchased will probably be sold when the Canadian domestic loan is offered. The Allies' loan, too, is for a cause near to British hearts.

It is not so much the criticism advanced by Crowell's, Limited, the store in question, to which objection must be taken, but to the extraordinary language used. The tirade begins: "No more traitorous move has been instituted in Canada by her half-baked, undigested, hyphenated, alien population than that just now undertaken by a bunch of sap-headed brokers."

Again: "The senior member of this house is not only a broker, but a member of the Dominion House of Commons, representing the old Loyalist counties, Shelburne-Queens. Will Shelburne-Queens stand for this? She will not."

So the abuse continues, finishing with a particularly bitter reference. Surely personalities and politics must be at the bottom of such an uncalled-for attack. Men of both political parties will certainly sympathize with Mr. McCurdy in this matter.

There are several pleasing signs of the times. The gross earnings of the Canadian Pacific, the Grand Trunk, and the Canadian Northern railways, for instance, for the first two weeks of the current month show an increase over the corresponding period of last year of \$1,714,052. This is a substantial sum and points to greater business activity. The crop is on the move and so are other heavy exports.