

The Toronto World

FOUNDED 1826.
A morning newspaper published every day in the year by The World News Company of Toronto, Limited.
H. J. Maclean, Managing Director.
WORLD BUILDING, TORONTO.
NO. 40, WEST RICHMOND STREET.
Telephone Calls:
Main 5388—Private Exchange connecting all departments.
Branch Office—15 Main Street East, Hamilton.
Telephone 1946.

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will pay for The Daily World for one year, delivered in the City of Toronto, or by mail to any address in Canada, United Kingdom, Mexico and the British possessions enumerated in Section 47 of the Postal Guide.
—\$2.00—
will pay for The Sunday World for one year, by mail to any address in Canada, or Great Britain. Delivered in Toronto and Hamilton at five cents per copy. Postage extra to all foreign countries.

UNITED STATES.
Daily World \$4.00 per year; Daily World 15c. per month; Sunday World \$1.00 per year; Sunday World 25c. per month. Including postage.
It will prevent delay if letters containing "subscriptions," "orders for papers," "complaints," etc., are addressed to the Circulation Department.

The World promises a before 7 a.m. delivery in any part of the city of Toronto. World subscribers are invited to advise the circulation department in case of late or irregular delivery. Telephone Main 5308.

MONDAY MORNING, OCT. 4.

Peace and Terms of Peace

Those pacifists who are calling for a statement from the allies of the terms on which they are prepared to discuss peace, have already been furnished with what they require and from responsible British sources. Some little time ago, speaking to a French interviewer, Mr. Lloyd George declared that "so long as a single German remains on the soil of France or Belgium, there is not one Englishman who will ever dream of peace." The "independent," a new labor paper issued in London, invited other members of the government to say whether they agreed with the view of the minister of munitions, who has since published the replies received. The prime minister reaffirmed the terms of his memorable speech at the Guildhall, which, were wholly in line with those of his colleague, Sir Edward Grey and Lord Lansdowne stated that they entirely agreed with Mr. Lloyd George. Lord Crewe wrote that "he is in general agreement with the opinion thus expressed and in his view the statement referred to accurately represents one aspect of the position which will have to be regarded whenever possible terms of peace come before the allies for their joint consideration." Mr. Winston Churchill simply replied: "Of course," and Mr. Arthur Henderson, who represents the labor party in the cabinet, wrote: "While I am strongly opposed to any statement at present, official or unofficial, I am entirely at one with Mr. Lloyd George in thinking that while a single German soldier remains on the soil of France or Belgium, no thought of peace can possibly be entertained."

British peoples everywhere will be in equal agreement with the views so expressed. They regard the unprovoked invasion of Belgium as one of the greatest of international crimes and the conduct of the war in Belgium and northern France by the German armies as a grievous blot on the German conscience. Whatever may be the ultimate terms of peace, they cannot even be considered, much less entertained until the last German soldier is driven back across the frontier. That, of course, means the decisive defeat of Germany, and the time will then have arrived to talk of peace, and the terms of peace. But Germany has not yet reached that stage and its professors and men of affairs are still wrangling among themselves regarding the terms of peace it will fall to Germany to impose. The more extreme fire-eaters talk and write glibly about annexing Belgium and the rich industrial district of France, now occupied, as well as of securing French coast towns on the channel, not yet taken. Poland and certain of the Baltic provinces are to be detached from Russia, Italy is to be punished, Belgium and French colonies are to be transferred to the German flag and go on indefinitely. As for England, her time of reckoning will come later, when Germany can turn the resources of Europe to the task of gaining the same supremacy at sea which will enjoy in Europe. Some social democrats deplore these wide-sweeping proposals, but in the meantime they are but voices crying in the wilderness of German "kultur." As between such ambitious designs, and the modest requirement of the British ministers, even the most fatuous of pacifists should have no difficulty in making choice. He should be able to see that Germany stands for tyranny and the allies for the vindication of freedom and right.

Germans as Self-Judges

When in course of conversation after his capture a German officer was told his countrymen were not playing the game, he is said to have replied: "War is not a game. We Germans are out to win this war. You Englishmen have been too long playing games." This presents very sharply the different spirit that has been developed in the British and German peoples, all of which are usually classed as members of the Teutonic branch of the human race. The spirit of true sport is that it is better to lose honorably than to win dishonorably. But the determination to win, no matter what means are used to gain the victory, leads to the employment of all kinds of dishonorable and even wicked devices and practices. This is what has happened

with Germany in this war of its own making. Germans have stuck at nothing to accomplish their end—world dominion—and they will have even less scruples in the days when they stand in the shadow of defeat. Only when they realize their futility will they cease attacks on non-combatants and on defenceless towns and villages in pursuance of their settled policy of frightfulness. One of their approved naval experts not long ago expressed regret tinged with surprise that the British were able to profit by experience and devise successful methods for defeating the submarine raiders.

Never before in history has a nation become so thoroughly infatuated with the belief in its own super-excellence. Even a minute sense of humor would have prevented the constant exhibition of astounding egotism and the endless declarations of self-praise that have made all the rest of the world wonder. Take for instance Dr. Eugen Friedl, described as a well-known German writer, who claims to have solved a problem which has engaged the attention of Germany since the outbreak of war, that, namely, of the cause of the world-wide dislike felt for Germans. This particular Herr Doctor remarks that, "however paradoxical it may appear, it is just because the German is so pre-eminent in the profoundest qualities of amiability that he is so profoundly disliked by other nations. It is not that he is disliked in spite of his nobler attributes, but because of them. There is nothing more intolerable to your neighbor than your superiority." Goethe said so, and it must be true. Burns was nearer the truth when he wrote: "O, wad some power the giftie gie us, to see ourselves as others see us, an' foolish notions." Certain it is that "amiability" has never struck any one as a characteristic, at least of the Germans who find their way to other countries. There was a time when the southern German lived the simple life and cultivated the gentler qualities. But under Prussian training he has bettered his instruction in arrogance, brutality and general frightfulness.

India's Place in the Empire

With the endorsement of the viceroy, the Indian Council has forwarded to the secretary of state for India a request that India be hereafter represented at the imperial conference. When acknowledging its receipt Mr. Chamberlain stated that inasmuch as the composition of the conference is a matter for the conference itself, the overseas dominions must be consulted before a more definite reply can be given. Few, however, of those conscious of the evolution and development of the British Empire will refuse sympathetic consideration of the claim made by the Indian Government, or fail to recognize that it can be supported on real and weighty grounds. Altho India has not arrived at the stage when full self-government of the kind enjoyed by the dominions can be given, her importance in and to the empire cannot be gainsaid. Her external trade is very great and is growing, and important questions in her relations with the other imperial states have arisen and will continue to arise. These alone suggest the advantage of full discussion in the imperial conference, in the presence and with the participation of Indian representatives.

While it must be admitted that in the mass the Indian peoples are not yet fitted to exercise the right of full self-government, it cannot be overlooked that the number of educated natives is continually increasing and that they are taking an ever larger share in the administration of this empire within the empire. Nor can the loyalty of India and the sacrifices made by Indians in this supreme crisis be forgotten or disregarded. In no part of the empire were the hopes of the enemy more completely baffled, and that first keen disappointment is still being reflected in the comments of the German press, which continues to affirm that India is seething with discontent and only kept down by the iron hand. Yet the fact remains that Indian troops are fighting for the empire in five different fields of war, and that Indian Mohammedan troops, true to their salt, are battling valiantly against their Turkish and Arabian coreligionists. These will be great, vital facts in imperial history, and carry with them an obligation which it would be futile and dangerous to ignore. India has won the right to ask a place at the imperial council board, not only because of her material importance, but also and no less because she has stood loyally by the British Raj.

GALT'S POPULATION DECREASES.

Special to The Toronto World.
GALT, Oct. 3.—The assessment returns for 1915, announced yesterday, show a decrease in population of 209, which, however, is considered satisfactory, as the city has sent between 600 and 700 men to the war. The city's population is 11,852, and the total assessment is stated to be \$7,236,833, an increase over last year of \$133,012.

EX-MAYOR OF BERLIN DEAD.

BERLIN, Oct. 3.—Allan Baber, aged 68, a former mayor of this city, died of the influenza. He was married this afternoon to Miss Stella B. King, youngest daughter of William King, Somerset street. Mr. Baber is president of the parliamentary press gallery.

S. WALLACE DAFOE MARRIED.

OTTAWA, Oct. 2.—S. Wallace Dafeo, a distinguished Ottawa newspaper correspondent, and brother of John W. Dafeo of The Winnipeg Free Press, was married this afternoon to Miss Stella B. King, youngest daughter of William King, Somerset street. Mr. Dafeo is president of the parliamentary press gallery.

A PRECARIOUS SEAT



A Revolution in Canadian Banking Now Unfolding

During the past few months, our banks have been subjected to a galling fire of criticism, especially in the west. Premier Sifton of Alberta, and Premier Scott of Saskatchewan have emphatically declared that a radical revision of the Bank Act is imperatively demanded. Their views have been reflected and endorsed in many of the western newspapers.

Occurrence day by day and the shadow of coming events have combined to rivet the attention of the press upon the banking situation. Heretofore the government and the banks between them have moved the western wheat crop, but the west, just becoming conscious that no large proportion of the crop can possibly get out this season, has been agitated at the thought of carrying over 150,000,000 bushels of wheat. The farmer needs ready money and must realize on his crops.

In the past the farmer without any ready money who did not get his wheat to the head of the lakes by the close of navigation faced a pretty tough winter. The banker, the merchant, the implement man and the mortgage company were all on his back. He was forced to find a purchaser at almost any price. This was so true that in the late fall the spread between the street price and the track price was often ten, twelve, or even fifteen cents a bushel. Now all this is to be changed. A silent but wonderful revolution is to be accomplished. The collective credit of the nation is to be used to help the farmer carry over his wheat. The banks can advance the farmer on grain in elevator 80 per cent. of its value and discount his paper with the minister of finance. They need not withdraw a dollar from the manufacture or commercial activities of the country. If need be every dollar the farmer gets on his wheat will be furnished by the government, thus an issue of national currency.

Whether the banks in their anxiety to prevent national currency getting into circulation will themselves assume the burden of advancing \$100,000,000 to the western farmers on wheat as collateral remains to be seen. But they will have to either fish or cut bait. They cannot stand off the farmer or hold up the situation. If the banks refuse to put into operation the machinery furnished by the minister of finance, then the Dominion Government, thru its agents, will directly discount the grain bills and warehouse receipts. If the farmer cannot get the bank to go to the government and borrow the money upon his wheat up to 80 per cent. of its market value.

This will be something new and unheard of in Canada, altho it will only be applying to the relief of the Canadian farmer those measures which have proved so efficient in the United States for the relief of the cotton planter. The point is that the national government stands prepared to use the national credit to issue national currency and to furnish our banks with a place where they can rediscount good paper. Of course it is the beginning of a system which must develop. The nation cannot continue the rediscounting business on a big scale indefinitely, except thru a national bank of issue and rediscount. But of that hereafter.

As we were saying the banks are coming in for a good deal of criticism, especially in the west.

The Edmonton Bulletin, owned and edited by Hon. Frank Oliver, quotes with approval from a recent speech delivered by Premier Scott of Saskatchewan, in which it was pointed out that the schools of Moose Jaw were almost closed down by the refusal of the chartered banks to extend credit to the board of education. The refusal was frankly retaliatory, as the board of education had kept its account with a private bank. The provincial government used all the influence it could command, but it finally required pressure from Finance Minister White to induce one of the banks to advance enough money to keep the schools open. The Premier Scott, from his place in the Legislature of Saskatchewan, recently said:

I declare without hesitation, Mr. Speaker, that the banks in this instance made a scandalous misuse of the authority and discretion over the people's money which Canadian banking law confers upon them. These moneys are not moneys owned by the banks, but are the moneys of the Canadian people, deposited with the banks, and the need of taking from the banks at least some measure of those powers and if banks will so treat a city school board, is there room left to disbelieve some of the complaints voiced by individual farmers against treatment meted out to them by banks? It is plain to me that our banking system needs changing and that the credits problem must be dealt with effectively to permit of successful handling of the great question of increasing our agricultural population and production.

From another issue of The Bulletin we read: Premier Sifton struck a note that will reach throughout Canada when, at the luncheon of the industrial association, he spoke of the need of such revision of the banking law as will break the monopoly that now holds the commerce and industry of the country in a relentless grip.

There may or may not be merit in the suggestion that the remedy for present conditions is the establishment of local banks, but there is no doubt that conditions as they are demand a remedy.

The Saskatchewan Press and Prairie Farm is no less critical than The Edmonton Bulletin about the banks, but feels more confident as to the remedy. It says:

What Canada needs is a number of small banks instead of a few big ones. There was a time when we made a fetish of our banking system in Canada and looked upon it as the backbone of the nation. The banking interests themselves told us it was so. Our system was compared to the footstep of the system of the United States, much to the chagrin of the latter. We are beginning to find out the foolishness of the worshiping more bigness in regard to money than things bank.

The Calgary News-Telegram also deals editorially with the subject in the course of an article entitled "Trouble Ahead of the Banks." The News-Telegram says: The explanation of some of the local banks of their discrimination in favor of the rich against the poor. Why do they charge the man with an account of less than \$200 the sum of fifty cents a month, while they allow the man with the account of more than \$200 to escape this charge?

Why do they try to make the poor man poorer? Why does a man who needs money to conduct legitimate operations, that involve wages to scores and sometimes hundreds of men, have to demand himself to the banks, altho his assets may be gilt-edged?

Why is common courtesy a lost art with many of our bankers? The Peterboro Review, which is credited with reflecting the views of Mr. J. H. Burnham, M.P., resumes the recent statement given to the press by Finance Minister White in regard to financing the war. The statement shows that the banks are in an exceedingly strong position, but according to The Review they are not giving the necessary accommodations to the manufacturers and business men of Ontario and we are told:

Hon. Mr. White's statement is evidence that the banks have been in an exceptionally strong position for some time, that they have also held an abundance of capital, the foothold of this strong position, they continue to extend to legitimate business concerns throughout the country, particularly in eastern Canada. It is in eastern Canada, where wages are to be paid regularly and where cash is

required; yet the banks, having ample for the country's needs, use the western grain crop as an excuse for withholding credit and crippling business. Hon. Mr. White should investigate a step further, and say whether the banks are supporting Canadian credit in these critical times as the banks in duty bound should do.

A good deal of the foregoing criticism is merely destructive. The situation cannot be dealt with by amending the Bank Act and leaving the Currency Act unchanged. Nothing will answer except the creation of an up-to-date banking and currency system for Canada.

No amending of the Bank Act could have solved the problem presented by 150,000,000 bushels of wheat ready for export with no ships to take them. No amendment of the Bank Act can deal with the situation, which disables us from getting our full share of war orders because we are not able to finance the same. Mr. White, however, by using the national credit and by an issue of national currency will take care of the wheat. How can the war orders be financed?

In our opinion they can be financed by an issue of national currency. Let the British and French Governments deposit in London for example gold and other securities for the account of the Dominion Government. That will give them a credit in this country, which can be financed by an issue of national currency.

Two years ago Mr. W. F. Maclean, M.P. for South York, from his place in the House of Commons, urged the establishment of a national bank of issue and rediscount and the generous use of a national currency. He received little encouragement at the time, altho within less than a year the principles for which he contended were vindicated in the United States by the adoption of the Federal Reserve Bank Act. They were vindicated to some extent in Canada at the war session of 1914, but the banks have done nothing to put that legislation into action. Now Finance Minister White is applying the principle to solve the problem presented by our surplus wheat and he stands ready to issue \$100,000,000 of national currency.

But we cannot now have a national currency and a bank currency side by side. Neither will it be possible to establish the unit of local bank so long as the chartered banks emit and control the currency of the country. The

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CHESTER W. MARTIN COMING AS CONSUL

Succeeds Julius D. Dreher as Representative of United States in Toronto.

Julius D. Dreher, consul of the United States at Toronto, who is to become consul at Colon, Panama, has been informed that his successor in this city, Chester W. Martin, of Ithaca, Mich., who was on a visit to the United States, has gone back to his post at Barbados, West Indies, to close up the business of his office there and pack his effects for shipment to Toronto, where he will bring his family as early as convenient.

Consul Dreher will not await the arrival of Mr. Martin, but will turn over the consulate here to the vice-consul, as soon as the urgent business matters of the office can be put in proper shape, probably in a few weeks. Mrs. Dreher is planning to leave Toronto in the States before joining her husband in New York, whence they expect to sail for Colon early in November.

FRENCH AIRSHIP ALSACE DESTROYED BY GERMANS

Big Dirigible Brought Down in Rethel District and Crew Captured.

BERLIN, via London, Oct. 3.—The French airship Alsace has been brought down in the Rethel district and the crew captured. It was captured officially at the war office this afternoon.

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