OUR LONDON LETTER.

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Canadian Borrowing.—A fortnight ago I sent you a summary of a series of articles on this subject published in THE TIMES. They were carefully written, and they dealt clearly with the fundamental principles underlying the development of a new country by means of the surplus capital of the old countries. This week the Journal has drawn the series of articles to a close. Before summing up its arguments, it lays stress on the need of Canada continuing to borrow "if only to supply its new inhabitants with the fixed apparatus of living and with the machinery of new production." The immigrants must have houses, and they must have plant. Under the pressure of a tighter money market there is no doubt that the scale of borrowing can and will be reduced. But THE TIMES thinks this will do Canada no permanent harm. For example, Canadian manufacturers who find it difficult to raise loans for extension will be obliged to save the requisite amounts out of their profits and probably sacrifice personal expenditure for the sake of their business. But, on the other hand, if there be any "sudden and severe check" to the inflow of European capital for the essential purposes of development, then, the TIMES points out, "serious trouble" may ensue. The next words of the article deserve careful reading. "Danger of this description, however, is less to be apprehended in Canada than in many other places." The strength and caution of your banking methods are held to be the principal safeguard against such a disaster. But I have repeated the words exactly, because, coming as they do at the end of a series of six articles describing the financial conditions, they almost challenge one to read between the lines. Perhaps the TIMES has printed the articles in order to counteract an impression, which most of us are aware is abroad that Canada is top-heavy with loans, and can only continue to meet her obligations and pay her way if nature remains kind to her. No responsible journal has yet voiced that opinion, but it is dangerously prevalent. The expansion of Canada can only be continued on borrowed capital and a maintenance of immigration, and the warning of the TIMES clearly is that in order to remove all excuse for the pessimistic attitude that is beginning to be apparent here, Canada should proceed henceforth on the most scrupulously prudent lines. Probably you will adopt some means of checking the over-sanguine loanings of the smaller municipalities, which seem to be most frequently held up as the "bad examples." But whatever is done, it is plain that the pessimistic will have to pull very hard indeed before they can hope to overbear the confidence of the British investor in Canada's future.

To-day the ECONOMIST joins delicately in the warning, observing that "there is not the same confidence in Canadian promotions, partly because so many fingers have been burnt in land companies, or timber limits or manufacturing corporations." No doubt also, the journal adds, "the borrowing of municipalities has, in the past, been made far too easy, and as we look back in the light of current rates on some of the issues of four or five years ago, we can only wonder how the English investor ever came to put his money into them." The British investor, being akin to the banks that finance young and growing businesses is, indeed, asking Canada to-day to walk warily for a time. That is all it amounts to. In another part of its issue the ECONOMIST storngly favours the establishment of a Local Government Board to control municipal loans in Canada. It is plain how public opinion is moving here; but it is moving very slowly at present, and very cautiously, and there is no sign that the investor has really taken alarm. Whether he does or not depends very largely upon the action of Canada herself, and I am glad to see that you are emphasizing in your columns the need of the Canadian agriculturist taking up mixed farming. The British public is quite ready to be convinced that their eggs are not always going to be carried in one basket. You will be going a very long way toward counteracting any efforts that may be made to slow down the rate of investment unreasonably, if you can find some to apply the wisdom of the old saw.

The Labor Party.—The real significance of the by-election in the coal-mining constituency of Chesterfield lies much deeper than the Press has indicated. The future of the Labor Party in involved in the victory which the candidate who is an official of the Derbyshire Miners' Union has scored over both Unionist and Socialist opponents. First, let it be understood that there is still a body of influential men in the ranks of the Labor representatives who may truthfully be described as "Liberal-Labor," or "Labor-Liberal,"—"Lib-Lab.," the nickname goes It is not without meaning that most of these are the heads of the coal-miners' trades unions. Secondly, it is necessary to recall the financially exhausting strikes of recent years. For the purpose of those strikes vain efforts were made to get unity of action throughout the mining unions. The efforts failed because each union enjoys a high degree of independence, is jealous of its funds, and understands that the varying conditions of miners' work in the different colliery areas make it better for each district to tackle its own problems. This week, for example, the management committee of the Northumberland Miners' Association has circularised its lodges with the warning that the strikes of the last few years have left the association at present with no money and with an overdraft of $50,000 at the bank. It is pointed out, further, that the cost of a strike in that country alone is nearly $120,000 a week. "Our desire to have the grievances from which we suffer remedied," says the Committee, "is as strong as that of the most ardent strike advocate, but we recognize that all attempts to realize our desires must be measured by our strength and governed by reason and discretion." The circular scornfully refers to the "strike for everything" advocate, and that phrase brings me into touch again with the true reason for this renewal of the demand for independence which has been manifested in Chesterfield. There is a section of Trades Unionists who advocate syndicalism, or the general strike. With these the vast majority of miners will have nothing to do. They speak of them as "socailists," without seeking to define the exact meaning of that word. Their contempt for the "socialist" has been shown by their utter refusal to vote for the Socialist candidate in this by-election. They wish to manage their own affairs in their own way and for their own interests, and their attitude is tersely summed up in the words of another of their parliamentary representatives, who said after the election on Thursday afternoon:—"We have sent a message to the whole of Great Britain of great value and much meaning. The Prime Minister and Mr. Lloyd George will be glad to receive it. It is a message to the Labor Party, and they will now be chewing their cud when they hear that Derbyshire, after all, remains true to its leaders, true to Liberalism, and true to honest Labor. . . . Mr. Kenyon and I will go to the House of Commons with the intention of not being dictated to by anybody as to how we shall vote."

Trade Union Funds.—You may perhaps see in the example just given of the exhaustion of trade union funds, another reason why there is no urgent anxiety on the part of employers in this country to formulate a uniform system of dealing with industrial disputes. I have many times referred to the subject. Put callously, in a few words, it means that the employers, being fully aware of the drain that strikes entail on the resourcesof the strikers, are quite willing that they should occasionally engage in the spendthrift exercise. Much is made by the Labor leaders of the increase in the membership of the unions; but membership without money remains a negative advantage until the new additions have accumulated a reserve value. The figures relating to the