

Maintaining Canada's Prosperity

It is not a minute too soon to begin to prepare plans for reconstruction—By exercising foresight and courage now, Canada's economic prosperity can be maintained

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The maintenance of our prosperity is essential for the winning of the war. On reviewing estimates of the probable cost of the war, made shortly after its beginning, one is struck with the inadequacy of every forecast. Even the great financial journals believed that economic pressure in itself would shortly bring hostilities to an end. Well on into the fourth year of war, as we now are, each week and month sees an increase in the financial requirements of all the belligerents. Germany has rolled up the colossal debt of \$31,000,000,000, while the United Kingdom carries a burden of \$30,000,000,000, and is spending each day on war account almost \$30,000,000. The United States has a budget of \$17,000,000,000 for the current fiscal year; and the lesser nations, including Canada and Australia, are making relatively as large outlays. It is imperatively necessary, then, that the economic functioning of the trade and commerce of the belligerents shall proceed smoothly and without friction for ultimate success. The United Kingdom has shown astonishing ability to support the war burden and maintain its economic position unimpaired. The country remains on a gold standard, payments are met immediately when due, and there is absolutely no sign of weakening in the nation's economic power. It is quite otherwise with Germany and Austria-Hungary, whose credit has long since been reduced to a mere paper basis.

There are those who grow impatient when attention is drawn to the vital need of maintaining the country's economic prosperity on a high level. The usual answer given in these quarters is that nothing matters, whether in the nature of preparing plans for present or future commercial stability, save the winning of the war. With this point of view we entirely disagree. Consider this one fact—that more children were lost in England and Wales each day during 1917 than soldiers on the battlefields of the continent. The war has driven home as nothing else could, the surpassing value of human life, not only in the economy of the individual family, but to the State. It is from man power, as the war has made abundantly evident, that all wealth springs. Take, again, housing reform—the British Government has already appropriated and spent £300,000,000 on building cottages of a permanent nature for the artisans engaged upon the production of munitions, textiles, ships and other war supplies. Right here and now a constructive programme of a far-reaching social nature is being put into effect in the United Kingdom, and large plans being made for political and economic reform and progress at the close of hostilities.

Truth to tell, the British above all other belligerents have exhibited political sagacity in adapting themselves to the conditions created by the world war. As in almost every crisis in its history, the United Kingdom has turned even its misfortunes to account. The nation that can carry through, in the midst of war, a great franchise reform extending the vote to some 6,500,000 additional voters, both men and women, has placed a big item to its credit on the balance sheet. But above all, an exhaustive investigation has been made of work and wages, of sanitary conditions, of the effects of fatigue and night work upon women and men, and a score of other problems of like nature. The result is as might have been expected. The Bolsheviki have turned upon their government and destroyed every semblance of ordered authority, while the British masses have rallied to the support of the administration and have given themselves over with inflexible determination to the destruction of the Hun and everything for which he stands.

INTO OUR OWN.

In Canada we have come into our own in a way that would have taken generations of peace to have accomplished. Among the nations the name of Canada is held in respect and honour. It is often said that sentiment means nothing in business, whether national or private; but, among other shopworn aphorisms, this has been thrown since August, 1914, on to the discard. It was the sentiment—not sentimentality, of course—that drew Canada, Australia and the other great Dominions to the support of the Motherland; and sentiment of that kind has taken on a new meaning during these hard and bitter days. It is safe to say that after the war, Canada having

met its obligations in full, the money markets of New York and London will be open both to our government and private borrowers. That in itself means much; for although the Dominion has financed its requirements largely by domestic loans since the outbreak of hostilities, it is perfectly plain that it must be a heavy borrower in the years to come.

Canada must be a heavy borrower simply because it is yet only in the pioneer stage of development. It was rather the fashion in 1913-1914 among our financiers to assert that we had over-built in our municipal, industrial and railroad programmes—that the time for borrowing had ceased, and that it was incumbent upon us to put this huge economic equipment to productive use. There was more than a modicum of truth in all this, to be sure; for it is self-evident that the end of the productive process is to be found in the turning out of consumable products. And yet their statement of the case was a half truth, and therefore all the more dangerous. Take railway construction, for example. No doubt there has been overmuch paralleling of main trunk lines, but that is far from proving that the country is over-equipped with railways. While the Hon. James Calder was still Minister of Railways in the Saskatchewan administration, he asserted that his province alone was in immediate need of the construction of 5,000 miles of branch railway lines. As everyone knows the agricultural resources of the west have barely been scratched, and with an increase in population—an increase which is inevitable—the country will require all its present railroad equipment and much more. And the same may be said of the municipal utilities that have been provided, with an apparently so lavish hand. Perhaps not for a year or two, after the signing of peace, but inevitably within the next decade, Western Canada will be tested, economically, as never before by the hundreds of thousands of immigrants who will make new homes for themselves on its fertile prairie lands.

No matter how rich a country's natural resources may be, they are only potentially valuable unless developed. To that end the Dominion must provide both men and money. Recalling our stagnant years, when the brightest and best of our youth drifted to the United States, it is plain as a pike-staff that capital must be borrowed to quicken and expand our economic life. Under the driving power of patriotism Canada has been able to find the money to finance the war; but conditions are against the continuance of that procedure in normal times. To open up and develop this half-continent, to people the provinces, to make our farmers prosperous, to find a market for the products of our industries and the output of our mines, capital will be essential. From what source is it to be secured?

The Dominion has got relatively little from New York, and less from London, since the outbreak of war. On the surface, keeping in mind that the war debts of the world amounted to \$106,000,000,000 by August 1, 1917, and that the war is placing a burden upon the nations involved, of not less than \$5,000,000,000 for every month that it is continued, one might well be concerned for the financial future of the pioneer nations, such as Canada, the Argentine and Australia. Nevertheless, we have it on the authority of Sir George Paish, editor of the London Statist, that the United Kingdom even after a further year of war will be, both relatively to other nations, and absolutely as well, in a strong financial position. An expenditure of \$10,000,000,000 per annum on war account alone—one-third of which, approximately, has been raised by taxation—would appear to lay a crushing burden even upon the wealthiest of States. Nevertheless, Great Britain has met her financial obligations with comparative ease. Keeping in mind that the United Kingdom held overseas investments at the outbreak of war of not less than \$26,000,000,000 and that it has maintained these investments practically unimpaired—indeed, has actually increased them—it will be realized what tremendous financial reserve power still remains in the Motherland. Not only so, but its foreign trade remains at the old high level; its financial and banking organization strengthened through the stress of war; and its economic equipment and labour resources

productively employed. It seems certain, therefore, that Canada will be able to secure all the capital requisite for economic expansion that it will require.

IN THE DOMINION.

In the Dominion itself, a higher level of well being has been achieved by the mass of the people. This is evident from many things—by the subscription of \$982,000,000 of war loans; by the high level of general wages; by the disappearance of unemployment; by the prices paid for agricultural products; by the general condition of industry and commerce. It is important in this connection to note that not only has money wages increased, but real wages—what money will buy—as well, and this notwithstanding high prices. The average Canadian family today has a larger command of material wealth, and is consuming a greater variety of products than ever before.

This may seem strange in view of the creation of an army of approximately 500,000 men, and the concentrating of industry and labour on war work. Nevertheless, it must be remembered that about one-third of the enlisted men were drawn from the leisured class, or from the student and professional classes, as well as from the retail and wholesale trades and from transportation. As a result, commercial and professional service has been reduced, but the supply of material wealth has been maintained at a high level. The employment of women and girls, to be sure, has been an important factor in achieving these results.

It is difficult to say, with the evidence at hand, whether saving and thrift have taken hold of the Canadian people. The subscriptions to the war loans, on the surface, would lead one to believe that thrift has become both a national habit and possession; but on the other hand, spending is equally conspicuous. Furs, jewellery, gramophones and so forth, in general articles in the luxury or near-luxury class, are bought with abandon. Genuine economy is found indisputably among the salaried class, and those living on a fixed income or from the proceeds from investments. We must not be sanguine in expecting the moral miracle of thrift over-night.

The economic and social stimulus resulting from a high level of wages will yield incalculable benefits. It is safe to say that, although the United Kingdom before the war had the highest standard of living in Europe, the British people will never go back to the acceptance of old conditions of work and wages. Nor is it necessary that they should so do—provided that increased welfare brings with it increased efficiency. And this may be confidently predicted. The war has taught all the belligerents the immorality of waste, whether waste of labour through unemployment or of industrial equipment. By exercising foresight and courage now, Canada's economic prosperity can be maintained not only during the course of the struggle, however long it may be, but also during the years of peace to come. It is not a minute too soon to begin to prepare plans for reconstruction.

CONFERENCE ON VITAL STATISTICS.

A conference on Vital Statistics, between representatives of the Dominion and Provincial Governments, will be held June 19-21, under the auspices of the Dominion Bureau of Statistics. The object of the conference is to create a Dominion-wide scheme of Vital Statistics under Dominion and Provincial co-operation.

Vital Statistics are administered by the Provinces, but the subject is more or less closely allied to the Census and to the general scheme of population statistics. In the past, the Provinces have carried out the work by different methods and standards, with the result that interprovincial and international comparisons are impossible, though some very important problems, including the regulation of immigration, the protection of public health, etc., hinge thereon.

The Insurance and Immigration Departments and the Pensions Board of Canada will also take part in the proceedings, and the Actuarial Society of America, the Union of Canadian Municipalities and the Municipal Improvement League will be represented. It is also the intention to have a leading Vital Statistician of the United States present.

The Rt. Hon. Sir George Foster will open the conference at 10 a.m., Wednesday, June 19th. The conference will discuss the matter primarily from a scientific standpoint and will lay down a detailed scheme for submission later on to the Governments concerned.