

The Toronto World

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WEDNESDAY MORNING, AUG. 6 1913

THE CENTRAL GOLD RESERVE SCHEME.

Finance Minister White's stay in London synchronized with the appearance of an article in The London Times, explaining the purpose and intent of the clauses in the last Bank Act, creating a central gold reserve.

At present the banks have in their vaults about \$8 million dollars in specie, and hold Dominion notes for which they may demand gold from the Dominion Government aggregating \$4 million dollars. These Dominion notes to the extent of 77 million dollars are large "bank legal" i.e. notes of the denomination of \$5000 used in clearing balances among the banks.

By the central gold reserve legislation, the banks will be able to draw their gold or a considerable part of it from the vaults of the government, deposit it in the central reserve, and issue bank notes against it. This legislation will therefore enable the banks to get an emergency currency at all times, without permitting the circulation of Dominion notes among the people, and we are told:

But a prudent minister of finance will not assume that times will always be ordinary, and indeed it is possible that this autumn will see a situation of painful pressure upon Canada's financial resources.

At such times a more or less insignificant action by a bank may start a panic. It is at least a serious run on deposits.

In the United States the emergency currency is being furnished by the government. In Canada under the central gold reserve plan it is to be furnished by the banks. We are told that the Dominion Government cannot issue paper except against a gold reserve of one hundred per cent; the banks will have a reserve of one hundred per cent for their notes, but their circulation generally will have no such support.

Even today, the note issues, government issues and bank issues combined, exceed the visible supply of gold in Canada by over \$9 million dollars.

Our position is that the national credit is a better foundation for the currency of the country than the credit of individuals or private corporations and that the national government and not the banks should issue the money of the country.

ANOTHER FRANCHISE TO BUY.

With the full consent and approval of the city council, the township authorities granted a franchise to the Forest Hill Railway Company yesterday. It costs the grantee nothing, but it may cost Toronto millions.

GERMAN CITY ADMINISTRATION.

Cologne, the largest city in West Germany, and the fifth in the German Empire in population, recently had a "municipal exhibition."



O'KEEFE'S SPECIAL OK EXTRA MILD STOUT THE SHOUT THAT IS ALWAYS ON

The Beer That Builds The Invalid—the Student—the Overworked Business Man finds health and renewed vigor in O'Keefe's Extra Mild Stout.

THE O'KEEFE BREWERY CO. LIMITED, - TORONTO.

If your dealer will not supply you, phone us Main 758 or Main 4455 and we will see you are supplied at once.

pull at the next corner. The Miss Fannies and Sweet Willies who don't like such excitement shouldn't go. Isn't that the idea?

AN "IF" IN THIS. What journals have been applauding Mr. McNaught for speaking out in praise of the Mackenzie offer and what journals would "loudly" condemn Hon. Mr. Beck if he spoke out against it?

We ask these questions because The Telegram, which has a way of talking at large, or thru its hat, has stated that "the journals" to which it alludes there are a number of assumptions in The Telegram assertion that seem quite baseless.

Mr. McNaught spoke some time ago in praise of the principle of purchasing the railways. This is quite different from praising the terms proposed. The Telegram thinks not. This agreement to purchase was not signed after Mr. McNaught left the city on his vacation.

Mr. McNaught has not signed an agreement which did not exist. The Telegram thinks he could. Mr. Beck has stated that he would say nothing about the agreement till all the facts were before him.

The Telegram thinks he might. If he did, the Telegram thinks some journals would condemn him. Judging by The Telegram standard they would, for The Telegram professes an infallibility more profound, if less pragmatic, than that of theology, and that kind of infallibility involves the condemnation of everyone and everything of which it disapproves.

The Telegram informs us that "the Mackenzie offer is a concrete grab of \$30,000,000." If there is no more in it for the city than The Telegram asserts, The Telegram ought to be wild with delight for the valuator will report against it the Hydro-Electric Commission will denounce it, the city council will turn it down, all the rest of us will have to apologize.

Mr. McNaught will have to retire. Mayor Hocken will take up permanent residence in Newfoundland. Tommy Church will be elected mayor. Tommy Foster, the honest watch dog of the treasury, will be installed as city treasurer. "R. J." will hang on as preside over the strap-hanging public for eight years more or longer, and The Telegram will celebrate a jubilee.

Of course there's an "if" in this.

GERMAN CITY ADMINISTRATION. Cologne, the largest city in West Germany, and the fifth in the German Empire in population, recently had a "municipal exhibition."

It occupies an area of 49,422 acres, ample to house its population of 600,000, and to leave room for future expansion. Land is plentiful and the municipality itself is a large landowner, reaping in this the advantage of a law which recognizes the right of a city to secure part of the values which its citizens have been chiefly instrumental in creating.

As is common in Germany, Cologne derives a considerable revenue from its land and other investments, and from its publicly owned and operated services.

In an article appearing in The Municipal Journal of London, England, its special representative at Cologne says the greatest stress is laid there upon a systematic and sound administration of finance. In that connection the following principles are officially laid down and rigidly observed:

- 1. The revenue and expenditure of the municipality must be in such order that the financial position of the city must be apparent at any moment. 2. No expenditure must be made if funds are not at hand to meet it. 3. Loan expenditure must be kept

as low as possible, current expenditure must be met by current income and only extraordinary expenditure may be met by loan. All loans must be redeemed as soon as possible.

4. All properties which "depreciate" must provide renewal fund. 5. A "tax balance fund" is provided to steady the variations in the yield of taxes owing to periods of bad trade.

Cologne's financial year extends from April 1 to March 31, and every year the administration brings in a new budget, which is subdivided into departmental budgets. These latter must be prepared by October 15 of each year, and remitted to the city controller for checking and endorsing. They then are considered by the various committees and ultimately reach the city council, whence after discussion, they are referred to a finance committee to be later finally approved. All the finances are checked by a "continuous audit" of a very complete and exhaustive character.

POLITICAL CONTROL OF THE CURRENCY. The big banks of the United States are not openly antagonizing the administration's currency reform bill, it is a long step in the right direction, however much they may object to this or that provision.

They realize that Mr. McAdoo is a big strong man who realizes and does not fear to use the tremendous powers vested in his hands as secretary of the treasury. With the president and congress behind him, the secretary is a formidable figure for even the money trust to antagonize.

Thus we find the City National Bank—Standard Oil and money trust institution, and the biggest bank on the continent—criticizing the currency bill before congress, not vehemently and aggressively, but in a fair and dispassionate manner. It is quite prepared to admit that the government and not the bank should issue the currency of the country, but argues that the bankers rather than the board appointed by the president, should decide as to loans, rates of discount, rediscounting of commercial paper and so forth, that two boards be appointed; one, to be composed of bankers, and the other to be more directly responsible to the president.

The big bank will apparently have to be satisfied with an advisory board, to be named by the bankers; the administration and the majority in congress will not yield the point that full power and responsibility must be lodged in the government. This view is endorsed by leading newspapers of the country, and well worthy of careful consideration are the following observations from The Newark Evening News:

The issues of banking and currency—money and credit—indirectly and vitally enter into the life of every man, woman and child in the nation. They form the nervous system of industrial life. Neither their sensitiveness, importance nor influence can be over-estimated. It is the power to create a panic or allay one. It can be a political engine of damming power—in the wrong hands—a saving and stabilizing regenerator—in the right hands.

Such being the case, where should the control of anything so intimately vital lie—with the bankers or with the government? The question cannot be evaded. The City Bank's two-board proposition can be dismissed without argument. It is precisely those discretionary functions that it proposes to leave with the bankers that can make trouble, and the misuse of those discretionary powers cannot be proven or reached

by enforcing the law." The only real issue is, who is to have these powers—not who is to enforce the law. And the power is the more dominating because banking is a mystery to too many "average men," and they cannot understand or control the causes and effects. It is a power worth fighting for—one to make or unmake parties and dynasties. The effect of one panic—1893—was a political power for 20 years.

Inadequate transportation facilities are emphasized by civic holidays. The Mexican situation has developed a bad case of too much Wilson of the Henry Lane variety.

Sixty pounds' pressure at the nozzle when a section of the city is threatened with destruction is worth ninety pounds of promise at the city hall.

The parcel post is no longer an experiment in the United States, but a demonstrated success, and as a business proposition has come to stay regardless of the dismal prophecies of the express companies.

However glad the thousands may be to get away from Toronto for a holiday, they are equally pleased to return and take up their respective parts in making this the greatest city on the continent.

There will be no made-to-order Wall street panic across the line when the time comes to remove the western crops. The secretary of the treasury has taken the situation in hand and will advance the western banks a sum sufficient to meet the requirements, and the money barons of the street are now wondering what will happen next.

Toronto is well equipped with hotel facilities under normal conditions, but conditions are not now, nor will they be, normal in this city for years to come. The rapid growth which is just beginning and which will continue until Toronto is the third city on the continent will necessitate additional hotel accommodation, and the sooner they are provided the less will be the complaint of visitors, home-seekers and investors.

One good industrial plant employing 3000 workmen means an additional population of from twelve to fifteen thousand people, and there are a number of such plants across the line looking for locations over here, where they have the world for a market. Toronto can get a number of these plants by going after them, and no better investment of time and effort can be made than to act promptly in this matter.

RHEUMATISM.

Editor World: Please could you give the readers of The Toronto World a good remedy for rheumatism? A Subscriber. Midland, Ont.

Rheumatism is said to be the result of the deposit of uric acid in the muscular system, caused by the eating of meat. Vegetarians claim to be free from this disease, and state that by giving up meat it may gradually be cured. To eat oranges at first increases the pain, but now, after the tissues of the uric acid and hasten the cure. Most western people prefer to die eating beef.

There is the best-sting cure. The principle is practically the same as that of the oranges, but not quite so agreeable. The poison, which acts upon the uric acid, setting up in condition which tends to its elimination. The Mayor of Indianapolis is taking a course of it since this week. You can also consult a doctor.

THE CENTRAL GOLD RESERVE

An Explanation of the Mysterious Creation in the Canadian Bank Act Comes Out in London.

Very little explanation was given to parliament when the Bank Act was revised last session of the new clauses creating a central gold reserve under the control of the Bankers' Association.

The external audit of the central gold reserve, inserted in the new provisions of banking stability have been recent failures, or two comparatively have the indirect effect of helping to enable the latter to improve their earnings; but with the growth of mixed farming, the provision of a central gold reserve should have a more positive influence—not only in times of stress, but in a year round.

As recalled above, the banks under the old act were able to issue their own paid-up capital, a total of \$98,000,000. In November, when the year-end was usually at his height, they were more than \$20,000,000 higher. To meet a demand in Canada, they were \$35,340,000, and after \$22,000,000, a total of \$98,000,000. In November, when the year-end was usually at his height, they were more than \$20,000,000 higher.

Under the new act, the emergency circulation during the autumn period, reached \$10,000,000. The emergency circulation actually approached \$20,000,000 or so. At ordinary times, the margin of the emergency circulation was \$2,000,000 or so. At ordinary times, the margin of the emergency circulation was \$2,000,000 or so.

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Eddy's "Safeguard" Safety Matches

- in special convertible box. - good matches always ready at the bottom. - burnt sticks are dropped in the top. - noiseless; heads do not glow. - and absolutely non-poisonous!

For safety's sake—Eddy's "Safeguard" Matches—ONLY—should be in every home.

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THE WORLD'S POPULAR PENNANTS. This one Coupon is good for one Pennant, when presented with 22 cents at The World, 40 West Richmond Street, Toronto, or at the Hamilton Office, 15 East Main Street.

MICHIE'S Cigar Department

is close to the entrance, convenient for quick service, at the corner of King and Yonge Sts. Michie & Co., Ltd., 7 King W.

Here's a Self-Healing Pneumatic Inner Tube

The poor unlucky candidate who got the job of laureate and now is poet for the state—in truth I envy not his fate. This luckless artisan in rhyme must be prepared at any time upon the Pegasus back to climb and make him soar to heights sublime; his feet must never halt or tire—whenever comes the signal "Fire!" he must instantly grab his lyre and write an ode for special verse; each time they write his office goes forth with the must burst out in song, impassioned, noble, stately, strong, a full yard wide and six yards long.

Stop punctures, stone bruises, rim cuts and blow-outs. You can do it if you use Simplex Puncture-proof Pneumatic Inner Tube. Stop punctures, stone bruises, rim cuts and blow-outs. You can do it if you use Simplex Puncture-proof Pneumatic Inner Tube.

The Simplex Sales Co., Toronto 539 Yonge Street. Phone North 2933.

PLENTY OF PARKS FOR EAST TORONTO

Acting Mayor Church Says Ward One Will Lead in This Respect.

"Within one month Ward One will have more playground and park area than any other ward in the city." This was the statement made by Acting Mayor Church yesterday afternoon after he had intimated that the city solicitor had just sent out notices that the city would expropriate all water lots in the east end of Victoria Park.

Exclusive of water lots the city will expropriate 18.70 acres of property in this district for park and playground purposes. This land has been surveyed and a survey is now being made of the water lots.

The Habit of Thrift

may be best cultivated with the assistance of a Deposit Account. If you have a Deposit Pass Book, you will have an incentive to save the small sums which too often are frittered away in petty extravagances.

Canada Permanent Mortgage Corporation Toronto Street - Toronto Established 1855

ESTABLISHED JOHN G

Irish Re Choice and Single Piece Collars and Cuffs, etc., Cross, Point terms from say \$1.50 \$6.00, \$6.50 Real Irish Linens ranging from yard.

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Embroidered Inset; very fine Black and White \$2.50, \$2.75

Motor S

Fine, Fancy and Shoulder variety of d and black w ends—\$2.00

Creme de Scarves

In white, b shoulder or stitched, an \$2.50, \$3.00

Ladies' S

Splendid and French and ing, Black and White—75c, 90c, \$4.00, \$5.00

MAIL ORDERS JOHN CA 55 to 61 King

GIVE CHAR FOREST

(Continued) under the direct of the highway. Will

With regard to Weston road, Mr. the work would noon. He also is siding on the G. side road adjoining in order to give a vice. The council cost of this improvement is \$10,000. The commission in the district and benefit by it.

Leave R. J. Buell at the council in York, Etobicoke was also successful in securing the Land Co. and J. that Bayview Avenue, east of Don road, be widened to 100 feet. It is proposed that while the widening is being done, the road should be improved in the same way as a very small road.

Not Don "It's true," said we get out of not doing any a little." "Ye H. Miller," we of should look an investment, vancing the cash.

For Be A little humor proceedings by a Don road, Mr. complaining of the hydro light winding in strip of the council.

It thought if a light on the pole allow the poles for purposes," remark it's no business of should look an investment, vancing the cash.

A petition was Maclean and estimate of the cost electric wires on Don road, from the to York Mill to the Hydro-Ele a report.

A letter from a resolution of the expedient to annex Township of York south of the To

SPECIAL your lengthen the watch. Perstructed, it delicate mthe movern possible in

OVER a the artistic des. Tell us how to THE AMERICA CO. OF TORO Largest make in Br