UNEMPLOYMENT PREVALENT IN CITIES

The Honorable A. K. MacLean's recent campaign of optimism has not sufficed to satisfy the people in Canada that the amount of unemployment is quite insignificant. The fact that the newly established employment bureaus are appealing to the provinces and municipalities to proceed with public works is sufficient indication of the actual conditions that prevail. This is a condition which will remain with us for many months to come, although it may be relieved to some extent by a good harvest and by a vigorous policy on the part of provincial and municipal governments. Money rates have already become much easier and long-term bonds are now to be floated at a price, which while not as favorable to the borrower as prices of the pre-war years, yet is very high compared with that which prevailed last year. Many civic and provincial works have become extremely urgent, and the existence of comparatively cheap money, and an ample labor supply at reasonable wages should be sufficient stimulus for construction without the necessity of any patriotic move. It should, however, be thoroughly recognized that only works of unquestioned value should be proceeded with, and also that there are some municipalities, particularly in the west, which are absolutely not in a position to indulge in capital expenditures of any kind for some years to come.

The Canadian Reconstruction Association has taken a firm and intelligent stand on this subject through a letter sent by its president, Sir John Willison, to municipal councils and boards of trade in Canada. Sir John maintains that the city should proceed with a vigorous policy along these lines. While action of this kind on the part of the association merely shifts responsibility elsewhere, nevertheless, it is of value in as much as the officers of the organization have made a thorough study of reconstruction topics and their recommendations are worthy of careful consideration.

The letter says:—

"It is imperative that employment should be provided, that the labor market should not be congested, that war veterans and war workers should find steady employment, and that fair wages should be maintained. The Dominion is undertaking extensive public improvements. The railway companies have announced large construction policies. Many industrial companies are preparing programmes which will involve an expenditure of millions of dollars. But there is a direct responsibility upon each municipality for the welfare of its men who have given vital service overseas and in particular war occupations. Failure to provide employment will not only result in distress and misery to individuals but it will disorganize the labor market, lower municipal revenues, produce industrial and commercial depression and affect national prosperity. Municipalities throughout Canada have made great war sacrifices. If there is failure to meet the difficulties of the reconstruction period much of the value of these sacrifices will be lost, while if the country can be carried safely through the next twelve months it will likely enter upon a long period of expansion and prosperity. A maximum of municipal activity will facilitate readjustment. Without it, conditions will be difficult and may be critical. The Minister of Finance has removed restrictions upon municipal borrowings and steps may now be taken freely for financing public works.

"The Canadian Reconstruction Association respectfully appeals to all Canadian municipalities to provide for local improvements by the resumption of public works. It is suggested that a survey be made in each municipality, in co-operation with local business men, of projected building operations which have been delayed by the war, and of other necessary construction work which can be started without delay. A well-considered programme could then be prepared in each municipality and put into effect. It may be that in many cases municipal construction plans will not have to be carried out in full, but the fact of having adequate works under way will serve as a valuable measure of insurance against possible unemployment or a serious collapse in wages."

PROVINCIAL BANKING SYSTEMS PROPOSED

A resolution to the effect that Canadian provinces should be authorized to establish and operate provincial banks, with power to receive deposits, make loans and do a general banking business, has been prepared by Messrs. Ball, Leedy and Sheppard, of the United Farmers' Association. These members constitute a committee recently appointed to investigate the question of farm loans on the New Zealand plan. In submitting this resolution they recognize its importance, and advise that political action will be necessary in order to obtain action on the part of the Dominion government.

"Don't forget the big interests are determined to prevent us from handling our own money," says Mr. W. R. Ball, writing in the Grain Growers' Guide. "You see, when 1 per cent. pays for operating the loans, the spread from 3 per cent. to 8 per cent. is too good for the big interests to let go without a fight." They say a copy of this resolution should be mailed to every member of the provincial and Dominion governments, asking them to support it and demanding an answer. The resolution reads as follows:—

"Whereas the present system of chartered banks is not able to meet satisfactorily the credit requirements of the agricultural industry;

"Therefore, be it resolved that the convention recommends, in the interest of agricultural development, that the present banking system be supplemented by a system of unit banks under provincial charter, regulation and control, with a minimum requirement of $10,000 paid-up capital, and with power to take deposits;

"And, further, we recommend that the Bank Act of Canada be amended to give the provincial legislature full power to issue charters for banks as are here described."

These arguments are not arguments against large banks but rather for the creation of small banks to supplement the work of the larger ones. It would seem that the Canadian system is maintained to be exactly the reverse of what the United States banking system was before the Federal Reserve banks were put into operation. The United States banks were local and isolated, and the country lacked larger institutions which could act as distributors of funds over the extensive areas. Canadian banks are now said to exercise this function too thoroughly. They withdraw funds from wealthy sections of Canada, such as Western Ontario, where money rates are comparatively low, and loan them for commercial use in cities and for the use of farmers throughout Canada. Moreover, these larger institutions are the only ones which are in a position to promote export business and to provide the financial facilities for securing to Canadian traders a share of foreign business.

There still remain several banks in Canada which are comparatively small. Whether efforts will be made towards the absorption of these by larger banks remains to be seen. Actual experience, however, demonstrates the fact that the larger Canadian banks serve the small community just as well as the small banks, and in addition, they are able to carry on business abroad, as several of them already do, better than can the small banks.

The discovery by the Stefansson exploration party of great herring fisheries in the far northern waters of Canada is announced in a statement which was issued through the Naval Department on January 17th.

The Grand Army of Canada will open co-operative stores in Toronto within the next few weeks, and if the venture meets with the success the association anticipates, others will be opened throughout the province.