

## Thrift and the Standard of Living

*The true place of thrift is not as a substitute for a living wage, but as a programme for spending a surplus*

By J. W. MACMILLAN.

These are the days of campaigns of saving, and a discussion of the social bearings of thrift is therefore timely. It is true that no such stress is being laid upon this virtue in Canada as in Britain, or as is likely to be laid upon it in the United States. Our leaders urge rather increased production, seeking to fatten the national stocking by the process of putting more into it rather than in taking less out of it. Yet the propaganda of thrift has not entirely passed us by. The Red Cross and kindred organizations issue their appeals. We are under the suggestive influence of news items from other lands. And the results are apparent. Reckless expenditure is not so fashionable. The man who hesitates as to whether to buy a new overcoat this spring gives the old garment more favorable attention than he has been used to giving, and will continue to wear it if it is reasonably presentable. And, besides, it is quite possible that we may go much farther before the war is over.

Thrift has all along been preached as the ultimate duty of the poor. The well-to-do classes have never failed to denounce the waste in homes where the entire weekly budget is less than the rich man spends on a single evening's entertainment. Many comfortable people quite sincerely think that all the troubles of labor would be overcome if the men would only quit drinking and smoking and the women show more discretion in shopping. It is on record that in the midst of the Irish famine of 1843 noble lords in parliament thus diagnosed the scourge which was slaying thousands every week, and prescribed as a specific the soup which might be made from bones boiled for the third time. It has always seemed to such people that the workers were well paid, for how otherwise, they ask, are they able to spend so much in foolishness and debauchery? To minds of this class the wage question is a very simple one.

### A PATRIOTIC DUTY.

At the present time, however, the gospel of thrift is being advanced not as a means of personal salvation, but as a patriotic duty. We are in no financial panic, with its accompaniments of enforced idleness and low wages. Many Canadian families are better off than ever before. There is work for all. Though the enormous increase in prices has cut down the buying power of wages, this disadvantage is recompensed by the certainty of payment, and by the unusual elevation of the earnings of unskilled labor. The separation allowances play a great part in the general prosperity, as does the Patriotic Fund.

Indeed, there is one aspect of the administration of the Patriotic Fund that can be called nothing less than revolutionary. Never before in Canada did any authority of similar power and influence pronounce that a family with three children should have forty-five dollars a month, and that it is the duty of society to see that it is paid. This is the core of the current minimum wage legislation, and its enunciation and enforcement as regards the families of soldiers is bound to have far-reaching effects upon the industrial situation after the war is over.

Thrift as a patriotic duty is very nearly the truth concerning thrift. For the true place of thrift is not as a substitute for a living wage, but as a programme for spending a surplus. The fact is that the poor as a class need less to be thrifty than to be enterprising. A population gets ahead, not by limiting its outgo, but by augmenting its intake. The Irish people died like flies in the famine, not because they were thrifless but because they were too thrifty. So close to the bone had they pared the means of subsistence that their daily diet was of the cheapest and meanest kind. They had been living on potatoes. They had nothing to fall back upon when the blight struck their crops. If they had had wheat fields and cattle they would have defied the famine. Security and power come through getting and spending, not through scrimping and saving.

### INCREASED THRIFT.

It is a fact, though the well-to-do preachers of thrift do not believe it, that increase of income results in increase of thrift. Leaving the exceptional family to one side, or remembering that a new implement or power may be used unwisely for a while at first till one gets used to its ways and recovers from the shock and surprise of the unexpected wealth, it is a fact that a population having its income increased turns to profitable expenditures. It

is true enough that the poor are often thrifless. Having little to spend they spend it all. They are the prey of their poverty. Give them more to spend and they will show more wisdom. The unprofitable expenditures will be turned into profitable expenditures. There is now something of a margin, and it is made to buy better food, better houses, better clothes, doctors' bills, travel, recreation, investments, charity and religion. These are the characteristics of a sound and wholesome social condition.

### OUT OF THE SURPLUS.

Thus the only thrift which is socially worth while is that which comes out of the surplus. It is true that an occasional family may with profit tide itself over a critical period by cutting living expenses down to the cost of the barest necessities, but such a policy, if it became general, would mean the degeneration of the community, adopting it. It is good to save out of a generous income. It is not good to save out of a straightened income. The family which spends itself goes bankrupt. The only thing to do with earnings which are below par is to increase them.

The working classes of Canada, then, have had a novel experience in enjoying the general recognition of their right to a living wage, and many of them have participated, for the first time, in a social movement which gave them a living wage. It is probable that certain disturbing consequences will follow if a time of reaction and depression should set in after the war. Peace abroad may mean something else than peace at home.

Workers cling with great tenacity to any level of prosperity they may have reached. It is well known that while wages rise more slowly than prices, they also fall more slowly. It is easier to resist

the demand for an increase of wages than it is to effect a reduction of wages. There is a fierce unwillingness to slip back again to the lower level. Comfort, freedom, independence and leisure are among the choicest fruits of human life. Even a morsel of them begets a craving which demands to be gratified. Like the man who had drunk the old wine and turned from the new, the workers who have been benefited by war conditions will resist being driven back to the old penury. And as a gain in intelligence is one of the fruits of larger earnings, as well as greater pleasures, their resistance will not be of a feeble nature. They will grumble less than they used to, and they will fight harder.

Of course, some unknown force may obviate our alarms. The wage-earners may go on from strength to strength and reach heights of comfort previously undreamt of. May it be so! But, none the less, it may be far otherwise, and there are grim symptoms revealing themselves in the inevitable readjustment of factory production which must take place and the huge national debt incurred during the war. It would be well for far-sighted business men and statesmen to have a second line, better reinforced than Hindenburg's, to fall back upon in case of need.

Besides the accustomed methods of resistance to any reduction in the level of living, such as strikes, there is another device which is likely to be brought into play. It is the lessening of the size of the worker's family. With the birth rate of the native stock in Canada already alarmingly low such an issue cannot be thought of without disquiet. This propensity to cling to an imperilled level of comfort is one of the commonest causes of "race suicide."

In truth, it is high time that a national policy be put forth by some responsible political authority which shall deal with this vital matter of population. There is a balance of trade in human lives which counts for more in national life than the difference between exports and imports. More important far is the human stock than all the stocks of all the capitalized concerns in the nine provinces. But more of that another time.

## Canada's Participation in United States' Loans to the Allies

*It looks as if the banks would be required to come forward at mid-summer, or soon afterwards, with another temporary loan of \$50,000,000 or more, and another Dominion Loan may be issued*

By H. M. P. ECKARDT.

Last week's dispatches from New York intimated that the proposed issue of Canadian Pacific collateral trust bonds in the American market has been sidetracked for the present to make way for the large flotation of war bonds by the Washington Government. The main object of the C.P.R.'s financing was to provide the British Government with funds in New York and thus to facilitate the maintenance of the sterling exchange market at or around present levels. When the arrangement of the Imperial authorities with the railway company was concluded, the United States had not entered the war, and neither of the parties knew that the American Government was shortly to put into effect a comprehensive plan for extending financial assistance to the Allies. It is generally understood that the C.P.R. bond flotation was to consist of about \$175,000,000 of 20 to 30 year five per cents. to be issued through the Morgan firm to United States investors. Had the operation been carried through as planned, it would no doubt have solved the problem of exchange, as between London and New York, for several months; but inasmuch as Washington is perfecting plans for lending \$3,000,000,000 to the Allies, it is practically certain that the proportion of the initial advance allotted to Britain will be equal to or greater than the amount that would have been placed at disposal of the British Treasury through the flotation of the Canadian Pacific bonds.

### A LOWER RATE.

Another point is that the credits granted to London directly and indirectly by Washington will bear a lower rate of interest than would have been payable under the other plan. Messrs. J. P. Morgan and Co. were to dispose of the collateral trust bonds at 97; and an issue at that price would have meant an annual interest charge of more than 5 per cent. for the Imperial Treasury to meet. As regards the American Government's loans to the Allies it has been determined that they are to be at the same rate as that at

which the United States bonds are issued in the American market—in other words Washington is to make no profit in interest, it charges the Allies exactly what it pays. This is the policy followed by the United Kingdom in extending financial aid to France, Russia and other Allies and to the British dominions. At the time of writing, it has not been announced whether the United States bonds are to be issued at 3½ or 4 per cent. Even if the issues are made at the higher figure, there would be quite a saving of interest for Britain, France and Russia on their receiving the proceeds of loans made to them. It should be remembered that there are various ways in which the Allied finances could be supported by American co-operation. There might be short-date loans or credits made through the Federal reserve banks at low rates of interest pending the making of long-term loans by the United States Treasury; or means might be found to enable the federal reserve banks to rediscount Allied paper taken by the ordinary banks.

Thus it will be seen that the cancellation of the plan for selling the C.P.R. collateral trust bonds is not likely, under the circumstances, to cause trouble or embarrassment in London. If it is deemed advisable to keep in force the agreement with the railway, the British Government can continue to hold the C.P.R.'s trust bonds and they will be available for negotiation in New York on a later occasion when perhaps conditions will be such as to permit flotation at lower interest cost. It was remarked the other day, in the financial columns of the Toronto Globe, that the market at Canadian centres for our domestic war loans have been but slightly influenced by the Wilson Administration's extensive plans for lending to the Allies. Naturally there has been among ourselves considerable discussion of the question of Canada's participation in these loans. It is not a matter in which our Government will push itself forward unduly. Our Government officials and our financiers clearly recognize the fact that the vital points of the Allies' financial system are London and Paris; also