

The Embargo

YOU cannot make omelettes without breaking eggs. The embargo that has just been placed by the Dominion Government on the importation of a long list of articles, which are treated as either luxuries or non-essentials, will create some difficulties and produce some hardships among people who have found their chief business in handling the prohibited articles. These, however, are among the many hardships that war creates. Probably we in Canada, much as our people have done for the war, have not hitherto appreciated as keenly as those of the Mother Country the sacrifices required at this time. While the lessons of thrift have been taught in a general way, and no doubt acted on in numerous instances, the fact remains that many of our people have made little change in their manner of living, have continued to consume or to make use of things which minister to their pleasure or their comfort as in the days before the war. Patriotic though they have been in some respects, many Canadians, as well as many Americans, have indulged in what Dr. Schurman, of Cornell University, recently characterized as the "treason of luxury." A sharp reminder of the need of reform comes to all now in the order of the Government prohibiting the importation of many things which, useful and proper at other times, cannot be regarded as necessities in war time.

The embargo serves the double purpose of inculcating with increased force the lesson of individual economy, and helping the situation in relation to the rate of exchange between Canada and the United States. For the credit of the Dominion generally and of all who have business relations with the States, it is necessary that the Canadian dollar shall be accepted as worth one hundred cents, less only the fractional banking charge on all transactions of that kind. Already our dollar has suffered a small depreciation in the States. Continued importations of large quantities of American goods under present financial conditions would tend to increase that depreciation, and this is an evil to be guarded against.

The embargo, therefore, severe though its effect may be in some cases, seems to be a necessary step at this time. There is one danger in it that the Government will have to watch carefully. The exclusion of the imported goods will give to the producers of and traders in similar articles at home a strong inducement to increase their prices. Price fixing is not an easy matter. Only to a limited extent has it been undertaken here. But if the shutting out of the foreign goods is followed by an increase of the home grown or manufactured articles, some further action in the limitation of prices will be necessary.

Bank Amalgamations

ON THE question of the method of dealing with bank amalgamations, Great Britain is only now reaching a position that Canada has occupied for many years. There have been a number of amalgamations of large banks in England lately, resulting in the creation of several institutions of enormous capital. In England, as in Canada, this amalgamation movement has led to a fear that there is danger in the concentration of so much money in the hands of a few people. A committee appointed by the British Government to consider the matter has just made a recom-

mendation that hereafter no amalgamation be permitted without the consent of the Government.

In Canada we have had that provision for many years. For a long time no question was raised here as to the propriety of such combinations. The amalgamations that took place were generally regarded with favor. In recent years a more critical spirit has appeared. In one or two instances the expediency of the amalgamations, from a public point of view, has been questioned, and the suggestion has been made that such amalgamations should not hereafter be allowed without an Act of Parliament.

There are conditions under which amalgamations of our banks are very desirable. Experience has shown that the banking business can no longer be carried on successfully in a small way. The small bank, such as in found in many places in the United States, cannot compete successfully with the older and larger Canadian banks. The union of the smaller bank with the larger one makes for greater safety. Indeed there have been several instances in which such combinations probably saved the smaller institution from misfortune.

Cases will still arise here in which banking combinations may be made without the creation of the money trust which so many people fear. It will be well, however, for bankers to take note that on this question public opinion is more sensitive than it formerly was, and that only such amalgamations should be undertaken as are clearly in the public interest and not calculated to diminish legitimate competition.

Submarine and Airplane

THE things that, more than others, mark the present war as utterly unlike any previous war are the operations of the submarine and the airplane, two modern instruments that have proved very effective. It was only a little while before the outbreak of the war that the power of the submarine attracted notice. A keen British admiral warned the British public that if they would pay less attention to Dreadnaughts and more to submarines they would have a more effective navy; but his warning received small consideration. The Germans were quick to see the power of the submarine and from an early stage they have used that form of naval warfare with tremendous effect. The coming of the German submarines to American waters in the last fortnight brings their operations close to us. Canada's waters have not yet been visited by these pests, but we need not be surprised if we do not remain exempt from their raids. The destruction of British ships by the German undersea boats has been very great and our Allies also have suffered heavily. No wonder the Kaiser's government ventured to predict that the German submarine operations would soon destroy British commerce and force the British Empire to make peace. That result was not accomplished, but one must admit that for a considerable time the marine situation was alarming. The destruction of a ship is the work of a moment. The building of a ship is a much slower process. In the contest between the German submarine and the British shipyard the former seemed for a time to be the winner. Now, however, it is believed, the conditions have changed. British shipbuilding operations have been reorganized and speeded up, just as the production of munitions was. The Allies, too, are

building more ships than formerly. The coming of the United States into the war has added immensely to shipbuilding resources.

For many years the American commercial policy had not led to extensive ship construction. Probably if there had been no war to offer the stimulus of high prices that situation would have remained unchanged. In war-time the cost of things needed for the war ceases to be a chief consideration. The things must be had, regardless of cost. In such circumstances the immense industrial power of the American people has been applied to the building of ships, with the result that a great fleet is being rapidly turned out to sail under the American flag.

Mr. Lloyd George, in a recent speech, said he was in a position to assure the public that the Allies are now building ships much faster than the German submarines are able to destroy them. He added, too, that the navies of the Allies are now sinking German submarines faster than the Germans can build them. The tonnage question, of such vital concern in the carrying of troops and foodstuffs, seems therefore to be no longer dangerous. A great peril has been averted; Germany must now see that the submarine can no longer be counted on to destroy the commerce of the Allies.

The development of the airplane in the war has been even more remarkable than that of the submarine. The possibility of flying was established quite a considerable time ago, but flying for long distances and for war purposes is of very recent date. When the French aeronaut Bleriot flew across the Channel between Calais and Dover, a distance of about twenty miles, his feat was treated everywhere as a remarkable one. That was only nine years ago. Now one who stands on either shore may see squadrons of flying machines passing to and fro. Long distance flying has made such progress that a crossing of the Atlantic may be expected to occur at any time.

The daily telegrams respecting the war abound in reports of the operations of the flying corps of the several armies. Oddly enough, the Americans, who might have been expected to distinguish themselves in this branch of the war business, have not hitherto played a large part. Very large sums of money were cheerfully voted by Congress for the construction and operation of airplanes, but the results have been the most inglorious part of America's efforts. The gravest charges of mismanagement or worse have been made against the men entrusted with the direction of this branch of the Government's service. Proposals have been made for a Congressional inquiry into these matters. President Wilson has taken a very effective way of meeting public opinion by asking Mr. Charles E. Hughes, ex-Governor of New York, ex-Judge of the Supreme Court, and Republican candidate in the last Presidential election, to assist the Attorney-General in making inquiry into the whole business. Mr. Hughes has accepted the duty and the probability is that the Congressional investigation will not now be deemed necessary. Under the direction of Mr. Hughes there is a certainty of a thorough investigation. Meanwhile the American authorities, fully aroused to the need of the time, are putting forth renewed efforts for the supplying of the machines, and better results may confidently be looked for. By the time Uncle Sam has a million men at the front—and that will be before many weeks have passed—they will, it is believed, be able to contribute their full share of the airplane operations which are every day becoming of greater importance in the general campaign.

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