

Mortgage Money Short in Canada

Money is Too Cheap in this Country says J. H. Gundy in a Talk on International Finance.

"The thing that we should have is not so much cheap money as enough money," declared J. H. Gundy of Wood, Gundy & Co., in a memorable address on "The International Financial Conference at Brussels" before Canadian Club members at Toronto last week. Mr. Gundy, who was one of Canada's three representatives at the conference, dwelt extensively on European financial affairs, reserving his Canadian comment until the latter portion of his address.

Money Cheap; Hard to Get.

"What good is it to a man," he continued, "who has his warehouse stocked with raw material to tell him that money is relatively cheap, that the call rate here is only 6 1-2 and 7 when it is 9 in New York?"

What is the use of telling him that, if he cannot get any money? He would be much better off to pay 8 or 9 per cent. and be able to get it than to be told it is cheap and not be able to get any of it."

In Western Canada, Mr. Gundy said, the position was that there was not enough mortgage money to go around. "If a fellow has a good crop," he argued, "he doesn't care whether the rate of interest is 6 or 9 per cent. except in an academic way; but it is a tremendously important thing to him that he can borrow money to buy implements, buy horses and develop his farm. And what is happening in Canada to-day is that the money is leaking out because money is dearer in other countries than in Canada. Let us pay for it. It is worth paying for. We need it. Let us have high rates and get the money, rather than low rates and not have it."

England's Quick Recovery.

Briefly Mr. Gundy analyzed financial and trade conditions in European belligerent countries. His report on England's strong recovery was received with applause. "You know England has got back her foreign trade," he said. "She is on a sound basis and not only paying her way, but providing a substantial surplus from revenue in retirement of debt."

So far as trade was concerned France had got back to pre-war conditions. Her position, however, was difficult owing to her huge losses in Russia and the fact that she had to sell her foreign investments. Italy was gradually improving her position, but was hard hit by lack of raw materials and the fact that she has to pay tremendously high prices for coal, and her currency is worth only a quarter of its face value. In Germany, General Sir Neil Malcolm had told him, conditions were appalling. The people, he had been informed, were so despondent, discouraged and broken that they were beyond even revolution. "I do not know what the future of Germany will be," Mr.

WILL ESTIMATE CANADA'S DEBT.

Efforts are now being made to estimate the total public debt of Canada, including federal, provincial and municipal liabilities. While complete statistics are not available, the Bureau of Statistics is endeavoring to collate all the data possible for the Dominion, the provinces and all municipalities of over 10,000 population. The chief difficulty is found in the provinces and municipalities, where there is no co-ordinated system of accounting. It is hoped that complete statistics of every province and municipality will eventually be gathered, although the fact that the attention of the statistical department is now fully occupied with preparations for the coming census will delay the result aimed at. Outside of indirect liabilities and guarantees, all provincial debts total \$323,025,054.04. The net debt of the Dominion is \$2,273,881,806.62. The amount of the debts for the municipalities will have to be added to this. Some of these, as ascertained from their printed statements, are as follows: Montreal, \$124,802,326; Toronto, \$109,849,001; Winnipeg, \$46,122,038; Edmonton, \$37,000,000; Vancouver, \$29,054,523.

Gundy said, "but I think we are justified in feeling, as a member of the British Government said, that it will be a very long period before Germany comes back."

Staggering Debt Figures.

At the outset of his address he made the starting comment that "the internal debt of the belligerent countries of Europe increased to \$155,000,000,000, as against \$17,000,000,000 before the war." Mr. Gundy hoped the doctrine that was laid down as imperative before European countries would be echoed in Canada. It was that: "The only thing to be done under the circumstances was to absolutely cut to the bone ordinary expenditures, dismiss officials, cut out the extravagant administration, cut out military expenditure and abandon all unproductive expenditures."

What was happening in some countries in Europe, he said, was that Governments were spending money in reducing the cost of coal to the people, in reducing the cost of bread to the people, and meeting deficits from railroads and other public services. "It was made clear," he said, "that the people of Europe must understand that when you cut the cost of coal or bread, or save on railway services, and create deficits, which create in-

flation, you raise the prices of everything far more than you save on your coal and your bread and your railway;

Hate and Fury Still Exist.

Mr. Gundy illustrated the intensity of European animosities by saying he had heard that, whereas one little nation found it necessary to import condensed milk with which to feed its starving babies, its neighboring nation was feeding fresh milk to the pigs. He knew that in one instance where a small nation was hard put to keep its citizens from starvation, a neighboring nation had had a big harvest and, because of transportation difficulties, was not rendering assistance.

The Vicious Circle.

In one graphic paragraph Mr. Gundy depicted the vicious circle which the European nations had been pursuing. Each country must in some way, he said, raise a revenue sufficient to pay its annual expenditures. "Unless this can be done," he went on, "these countries have to issue more currency and more credits, which means more inflation of the currency, which means that prices continue to rise, which means that the Government has a bigger deficit, which means they have to issue more currency, which creates more deficit, and so on to ruin."

CANADA STEAMSHIP TO START AERIAL SERVICE.

Mr. J. W. Norcross, president of Canada Steamship Lines, Limited, who returned to this country last week, contracted for two Vickers-Vimy seaplanes while in England, which will have a capacity for carrying twelve passengers each in addition to two pilots. The planes are to be capable of developing a maximum speed of 127 miles per hour and are of the type that is operated practically without noise. Delivery of the two machines is expected by next spring and a service by air inaugurated between Montreal and New York and Toronto by early summer. The water courses between the three centres will be followed, thus assuring a maximum of safety to the passengers of the air craft.

"The new service will be largely in the way of an experiment," Mr. Norcross said, "but I am convinced that aerial transportation is the one of the future and is possessed of unbounded possibilities in a commercial way. Canada Steamship Lines is the largest inland transportation system in the world and there is no reason why the company should not become the premier aerial one as well."

Unemployment Insurance

Recommendation of League of Nations May be Discussed at Next Session of Parliament.

In the coming Cabinet discussions preceding the opening of Parliament the question of unemployment insurance is likely to play an important part.

Out of the conventions and recommendations arising from the Washington labor conference of the League of Nations, a recommendation regarding unemployment insurance is one of the few which, according to a ruling of the Justice Department, come properly within the jurisdiction of the Dominion Parliament. Except insofar as they effect Dominion works, four of the six conventions adopted at Washington—in addition to the eight-hour day—are held to come within the competence of the provincial legislatures only. These four conventions treat of: Employment of women before and after childbirth; employment of women during the night; minimum age for admission of children to industrial employment (the so-called children's charter); night work of young persons employed in industry. The principal object of the sixth convention is the establishment of national employment agencies. Legislation to give effect to this convention is held to come within the scope of the Dominion Parliament, but before the Washington convention was summoned, action along the lines of the convention had already been taken in Canada.

There now remains of chief importance the recommendations adopted at Washington in regard to unemployment insurance.

"The general conference recommends," so the recommendation reads, "that each member of the international labor organization establish an effective system of unemployment insurance, either through a government system or through a system of government subventions to associations whose rules provide for the payment of benefits to their unemployed members."

On the question whether the Dominion Parliament has authority to implement the recommendation, the Minister of Justice has ruled that unemployment insurance, considered as complementary to a system of labor exchanges, "has a pronounced federal aspect", and, on the whole, the Minister thinks the establishment of a system of unemployment insurance is competent to the Dominion in the exercise of its residuary legislative power, with relation to the peace, order and good government of Canada."

In view of this ruling and in view also of the possibility of extended unemployment during the winter, the Washington recommendation will no doubt receive some close consideration.

In the case of unemployment insurance, the competent authority apparently is the Dominion Parliament. And as the Washington conference concluded on November 29, 1919, the recommendation should come before Parliament for action.