WHAT ECONOMIC RECONSTRUCTION MEANS

Maximum Output Per Capita Per Diem for Three Prime Orders of Workers

The following is a summary of the paper which was read by Mr. James Carmichael Smith, at the Royal Colonial Institute, London:—

1. Of the five prime organs or institutions of the Body-National, domestics and economics are the most fundamental.

2. The real living members of the Body-National, and of each of the constituent organs thereof, are men, women, and their offspring, working at suitable occupations, and resting in comfortable homes.

3. The normal objective, or ideal, of human activities, for each pair of marriageable adults, should be the creation and maintenance of comfortable homes inhabited by healthy, intelligent workers, together with their joyous and happy developing offspring.

4. Disciplined muscular, mental, and moral man-power and woman-power—these are the real wealth and strength of every nation.

Prime Orders of Workers.

5. Economic reconstruction, in goodwill, means the humane and equitable adjustment of the relationships between the three prime orders of workers—capitalists, entrepreneurs, laborers; bondholders, shareholders, employees; the administrative, supervisive, and the executive staffs of work, so as to bring into being a business situation wherein the operations of industry, commerce, and finance may attain unto the highest degree of effective efficiency, manifesting as the maximum output of wealth and of services, per capita, per diem—every worker doing the best possible in every kind of business.

6. This desirable business situation has not been realized by means of the economics of *laissez faire*, of unrestricted individual competition, within the domain of distribution by the method of exchange; with money as the legal and customary instrument of exchange, and, consequently, the effective instrument of distribution for both cash and credit business dealings.

Regulated Corporate Co-operation.

7. This desirable business situation can be realized only by means of the economics of *camaraderie*, of regulated corporate co-operation within the domains of production, distribution, and exchange—wherein "strikes" and "lock-outs," the wasteful and destructive policy of (a) ca'-canny and sabotage shall be eliminated, and the policy of (b) maximum output per capita, per diem, shall be accepted by the three prime orders of worker as the objective, or ideal, of economic operations in every kind of business.

8. Profit or surplus wealth, being the special product of the business-like co-operation of the three prime orders of workers, should be proclaimed, by law, as the joint-property of all the co-operators employed in the same gainful business.

Some Positive Proposals.

9. The positive proposals for bringing into being this desirable business situation are:—

(a) The enactment of laws converting the capitalists, or bondholders, of every gainful business into preference shareholders with the legal restriction, or elimination, of the wrecking powers of distraint now possessed by the capitalists, or bondholders.

(b) The enactment of appreciation and depreciation-sharing laws, making suitable and adequate provision for (x) the standardization of money-values; for (y) the adjustment of the legal value, or debt-paying power, of money, in a manner equitably reciprocal to the variations in the exchange value, or purchasing-power, of money; and for (z) the location or fixation of the Settlement-Point, or equation of exchange, at the mean of the variation in the exchange value, or purchasing-power, of money, between inception-time and maturity-time, in every credit, or inter-temporary, business dealing.

(c) The enactment of profit-sharing laws making suitable and adequate provision for the distribution of the profit, or surplus wealth, resulting from the co-operative activities of capitalists, entrepreneurs, and laborers employed in the same business enterprise, "unto each according to his work." Such profit, or surplus wealth, at each recurring dividend-time, should be divided into two equal parts and distributed as follows:—

i. The one-half of such profit, or surplus wealth, being distributed among the entrepreneurs severally, according to the measure of their share-holdings.

ii. The other half of such profit, or surplus wealth, being distributed among the capitalists and the laborers, severally, according to the measure of their income-earnings—whether in the form of rent, interest, wage, or salary.

In War, in Peace.

10. The capitalists, entrepreneurs, and laborers are the ever-enduring orders of workers in every kind of business enterprise, in like manner as the commissioned officers, non-commissioned officers, and the rank and file are the ever-enduring orders of soldiers in every kind of military enterprise.

11. In peace, after the war, economic reconstruction should manifest itself, in practice, as the United Empire and the Allied nations of working comrades; as, during the war, military reconstruction has manifested itself, in practice, as the United Empire and the Allied nations of fighting comrades.

HAIL INSURANCE LOSSES

That the abnormally high loss rates this year demands an increase in rates was the general opinion expressed at a meeting of hail insurance officials held in Calgary recently. An association will be formed to deal with ratings, agency commissions, etc. No definite decision as to rates will be arrived at until the new association is fully organized.

The state hail insurance commissioner of North Dakota pronounces a failure the compulsory hail insurance plan in that state. The scheme has been in effect six years, and has never been able to pay losses in full, though the rates have been successively raised. Last year $33,116 was collected, and $33,125 paid out on a basis of only 38 per cent. of the losses sustained by the fund.

WILL NOT SELL TREASURY BILLS

Great Britain and France will not sell treasury bills in the United States, as proposed last week. The announcement was contained in the following statement issued by J. P. Morgan and Company:—

"We have been instructed by the British and French government to withdraw their treasury bills from sale.

"We have accordingly expressed to those institutions and investors which had already placed orders with us for these securities that the sellers wish to be released from the obligations to deliver, and they have been good enough to accede.

"This action is because, as explained by the British chancellor of the exchequer and by the French minister of finance, these governments desire to show every regard to the federal reserve board, a governmental body of which the secretary of the treasury and the comptroller of currency are ex-officio members.

"We may add that the sale in limited amount of these treasury bills, payable in dollars in New York, have never been an essential part of the allied governments' financial plans, but have for some time been under consideration with a view to furnishing a credit medium that would accommodate the United States banking demands for an instrument of short maturity and of such limited volume that the government could always undertake to lay down gold in New York sufficient to meet the matured bills.

"It was believed further that these bills would have furnished at the end of the war an excellent measure of protection to the United States financial situation, inasmuch as these steadily maturing obligations of the foreign governments would have tended to prevent heavy drafts of gold from this market."

Mr. C. B. Gordon, Montreal, was made vice-president of the Bank of Montreal at the annual meeting. Capt. H. Molson, Montreal, and Mr. H. Kennedy, Quebec, have been added to the bank's directorate.