Idle Capital in Old Land Useful Here

Some Reasons Why it Hasn't Been Coming.

(From Toronto Globe)

A Toronto man prominently identified with financial matters, particularly referring to mining enterprise, who has just returned from a business sojourn in London, brings word of a remarkable change in attitude toward Canadian investments in the past two years on the part of the big houses in the Empire's centre, and it is his conviction that a determined, consistent campaign of education regarding the achievements and promise of the mining industry in this Dominion would now bring extraordinarily beneficial results.

In the first place, irritation caused by the Grand Trunk episode has largely worn off and, in the second place, so many avenues of lucrative investment in other parts of the world have been closed by the embroglios of European politics that a vast accumulation of capital is now seeking outlet. The impression is gaining rapidly that closer ties with the Dominions and colonies across the seas is not only an Empire necessity, but that in those lands investments may be found equal to any and without the unavoidable risks attendant upon commitments in foreign countries.

We have often said that in our opinion the logical market for our mining securities lies in Great Britain, and the observations of the recent visitor to the Motherland merely confirm what is in our own mind. There is one essential to successful enlistment of British capital in our mines, and that lies in our own determination to play the game according to the rules there laid down. Up till now, we have been unwilling to do so, and have left the field to an inferior class of promoters, who have often brought down severe and merited criticism upon all things Canadian, particularly where they touched the mining industry.

London is still the financial centre of the world, maintaining that position through the centuries by a system of promotion and financing found to be the most efficacious. There is no reason why Canadians should not abandon their own haphazard, largely unfair, methods for those that have been tried over the years, through prosperity and depression, and with better results than have attended the efforts of any other nation in world history.

As we see it, the first essential to successful enlistment of British capital on a large scale is establishment of some central agency through which general information regarding achievements of the mining industry, as to individual properties and particularly as to the personal standing and integrity of those who seek financial aid, can be obtained. That would not entail a heavy expenditure, and in the right hands would remove many misconceptions of conditions here and generally clear the atmosphere.

Up until now we have been compelled to look for large capital from across the international line, and help from that source will always be welcome. And yet it is a well-known fact that United States capital is usually on the roulette-wheel order, ready to take advantage of a rise in prices at any time. On the other hand, British capital has the name of "sticking", thus giving development a chance to obtain the best results. That is the kind of money Canada needs at the present juncture, and we believe a serious, sustained effort to secure it would constitute one of the most important steps yet taken on behalf of the industry upon which we so largely depend for national prosperity.

Undoubtedly, the local mining market has left much to be desired in recent months, and yet we defy any other part of the world to point to a better record of actual achievement than has recently been presented by statements of earnings of old and new gold producers. Everything points to one of the most active years in outlying districts, and it is certainly not too much to expect electrifying news from Yellowknife, Lake Athabaska, and many parts of Ontario, British Columbia and Quebec, before the present season expires. Then, too, oil development has reached the stage where it is clearly entitled to Empire recognition.

In leading brokerage circles the market is believed to be in better technical position than for two years. Weak holdings have been largely liquidated and, in spite of general blueness of the financial atmosphere, due to troubles in Europe and experimentation in the United States, there has been no drastic collapse of prices.

Thus, it is argued, and with reason, that the slightest betterment in general conditions may be expected to inaugurate another surge of local buying, always with the possibility of great appreciation if and when the price of gold is raised once more, a step which appears inevitable before any serious attempt at stabilization can be undertaken.

Canadian gold stocks should not be sold short. They offer better opportunity for stability of return and promise of appreciation than at any time in the past, according to our view of the situation.

Powassan News:—As civilization develops, the influence of women is supposed to grow greater. Girls, is that one of the reasons why all civilizations fall?

May Abandon North Mileage of T. & N. O.

Decision to Depend on Rails Survey North of Abitibi Canyon.

Toronto, June 4th.—Abandonment of the Temiskaming and Northern Ontario Railway lying north of the Abitibi Canyon was suggested as a possibility by Premier Mitchell Hepburn in comment on the larger question of the St. Lawrence Seaway development scheme.

The Premier revealed that the T. & N. O. Chairman has reported that maintenance costs in ties alone between Cochrane and Moosonee, the salt water terminus, for the next five years, was estimated at $150,000 a year.

As a result of this report, said Mr. Hepburn, the Departments of Mines, Lands and Forests and Agriculture have been asked to make a survey of the potential value of that far northern section of the railway. Final action, he intimated, would rest entirely upon the findings of that survey.

Sees Waste Ahead

"Why throw good money after bad," said the Premier, as he pointed out that Ontario, years ago, had "succumbed to that ballyhoo of an ocean port for the Province." He emphasized at the same time his belief that the expensive Churchill grain port and railway undertaking should be abandoned.

The Premier stated also that he had written to Prime Minister King asking for specific information of the cost of the seaway plan, and at the same time he made it clear that he was standing firm in his opposition to any proposal to construct an additional competing traffic artery such as the deep-water scheme for the St. Lawrence and the lakes.

"I have yet to find a man who believes we need another avenue of transportation," said the Premier. He added that all reliable information indicated that Canada's wheat exports, a strong factor in proponents' support of the scheme, would not be as great as they were formerly because of foreign exploitation of wheat production.

Behind in Interest

In the Government's brief before the Rowell Commission, it was stated that the T. & N. O. Railway has not been able to pay to the Province sufficient to cover the interest chargeable to the Province's advances to it. The highest payment was $1,300,000 in 1929, and the lowest $50,000 in 1923. In the twenty-three years, 1914 to 1937, the railway has paid to the province $13,174,173, and the net loss to the province per annum averaged $825,000. In the six years, 1932 to 1937, the average loss has been approximately $1,140,000 per annum. It is pointed out at the same time that the railway has played the leading part in the development of the rich Northern Ontario mine fields.

Says Price of Gold has Risen Steadily

If Business Does Not Pick up, Gold Will Rise Again in Price.

(From Northern Miner)

While people are concerning themselves with the question of a possible increase in the price of gold, the price has been rising, mildly, reaching $33.40 an ounce, our money, this week.

Some little time ago we said that if business improved gold would probably remain unchanged, and conversely if things did not improve gold would go up.

Things have not got better yet, and national fiscal problems have darkened under the threat of war and under the very real financial burden of war preparation.

Because Americans are so close to us and their problems fill our press, our radio and our thoughts attention has been given to the possibility of Mr. Roosevelt raising the price of gold as a political and a business measure. There has been a tendency to overlook what has been going on overseas and to give but passing notice to the meaning and measure of the business depression in Great Britain, to the extent of rearmament, to that country's amassing of growing gold supplies, and to the slow lessening of sterling price in terms of the American dollar. The decline in sterling automatically has brought a rise in the London figure for gold.

The situation recalls in many respects that of five years ago. In April, 1933, after nineteen months of decline in sterling, during which the price of gold in Canada climbed steadily from $20.67 an ounce, the United States Administration was forced into action, not only because of the American bank failures and the deep domestic depression but because American export business was under the very severe handicap of having a high price money in a low price world. On April 19th the United States placed an embargo on gold shipments and payments. It went off the gold standard. But it refused to pay more than $20.67 an ounce for the metal and that situation ruled until August 28th, 1933, when it begin buying newly-mined American gold at world market prices. Before that time, Canadian mines, selling in the open market at London, had been getting up to $31 an ounce for their newly-mined gold. Late in October Mr. Rosevelt began paying the American mines a price above the then world market (which had been weakened by a war scare) and his starting price was $31.36. He began buying world gold on January 31st, 1934, when the American price was settled at $35. There is a tendency to give Mr. Roosevelt all the credit for the $35 figure for gold, whereas, as has been shown, the world price had reached $31 before he took action and probably would have gone to 35 in Canadian dollars, or even higher, if he had not stabilized gold at 35 American dollars an ounce. The observation is largely in the nature of an aside but we could well ask, in the light of the depression now sweeping the globe, whether raising the price of gold to $35—or more properly, cutting the dollar to 59 cents, for that was the primary action—was adequate to the world's need for cheaper-valued money. Just lately France again has devalued its money; Japan last month raised the domestic price of gold, and sterling, Canadian and the other Empire currencies and all the currencies of the sterling bloc are on the decline. American money does not decline for the reason that it is fixed. Most of the other currencies swing to and fro from it, like ships from a common mooring.

But if the other currencies should continue to decline how long could the American Republic stand pat on its 59 cent dollar? Not as long as the last time, we'd say.

There is little doubt in the Northern Miner office that Mr. Rosevelt and his financial assistants are watching the action of foreign currencies with the greatest of interest. November, with its fateful election and all the fateful significance of possible low wages and employment next autumn, looms ahead.

There is much sneering by the misinformed, the prejudiced, and those who refuse to read the record, at Mr. Roosevelt's action in cutting the dollar. But that it revived dropping business, wage and commodity prices, there can be not a shadow of a doubt. Those who still think otherwise should ask themselves where the Republic would stand to-day if its dollar were still high to the foreign importer, and its goods and wages still low to the American farmer and workingman. What worked before would work again.

Altogether, then, surveying the world scene, it is becoming distinctly probable that if British and European business depression does not change quickly to recovery, if peace does not quickly come to end the terrific accumulation of debt and taxes imposed by the buying of war machinery, if there is not a strong and quick revival this summer in American business and the Democratic party's political outlook, then sterling and other foreign currencies will continue to go off and bring about a heightening of the Canadian price of gold, and the American president will feel forced and be forced eventually to start cutting the American dollar piecemeal to 50 cents, under his powers and "as the interest of the United States may seem to require." Yet that this will be the final outcome should not be dogmatically expected. Many of the current rumours of a higher price for gold must rise from the existence of heavy European hoards acquired during the course of a re-hoarding that has reached spectacular proportions at times since last September.

The proposition, we repeat, is simply this: If business does not pick up gold will go up. And if gold goes up prices of industrials, base metals, and similar securities will in due course rise. The prospect of a development such as is here outlined must be having some effect in the maintaining of non-gold-mining stocks at levels scarcely compatible with current earnings nor with the debt and taxation positions of the world.

Says Most Communists Troubled with Laziness

(Bowmanville Statesman)

In his article in last week's Statesman, John C. Kirkwood spoke quite frankly of his opinions with regard to Communists, and in those opinions we heartily concur. He believed that Communism attracted mainly those who were lazy, and who did not want to have to rely on their own initiative, ambition and ability to make a place for themselves in this world. It is seldom, if ever, that one sees a real Communist engaged in hard labour. Generally speaking they much prefer to stand on street corners and howl from soap boxes about the conditions which they do nothing to help alleviate. True they were expert in arousing people against anyone who has by honest toil made a comfortable living for himself, but after all arousing people to be envious of others isn't very hard work. Most Communists would find the conditions they criticize almost non-existent were they to put as much energy into earning a living as they do to learning to be destructive soap box orators.