

## Governments and Their Methods in Regard to Gold

Peculiar Position of Gold in National Economy.

(From Rouyn-Noranda Press)  
Another country has put gold beyond the reach of even its own national banking institution—Sweden. No important nation in the world now allows either its citizens or any but its direct agents to deal in the precious metal. Not that Sweden, being in one class or another, has a very important influence on the rest of the world, but her government's action last week serves to emphasize once again the peculiar position of gold, a condition which becomes more and more complex each day to those who take it scientifically and seriously.

Sweden also follows the pattern of world economics outside the United States. Her citizens have been restrained from dealing in foreign exchange, just as we have been. Our government's action in taking over control of foreign exchange did not come until a few days before war was declared. Great Britain's timing of a similar action was parallel. Sweden is preparing, no doubt.

Foreign exchange and gold are tied up so closely together, chiefly through the United States, that in the layman's mind they become two words for the same thing. Foreign exchange, most of us believe, is a credit balance of one kind or another which can be translated freely into any currency in the world and hence into any of the world's goods. United States recognizes nothing, in principle, as payment except gold. Hence the tie-up.

Gold itself goes farther and farther from our ken. Our fathers used to have gold coins. A \$10 or \$20 gold piece gave them a sense of security such as nothing has been able to since. The matter of currency was relatively simple with gold in the land. It simply represented, in a small package, the commodities or services which others had for sale. Its value was indestructible.

When the nation came to the point where there was not sufficient gold in quick enough circulation to carry steadily expanding trade, both internal and external and as a convenience as well, governments and banks began to issue paper money against gold which they held in vaults. It soon became recognized that a bank or government could safely issue more paper money than it had in gold, since it was unlikely that everyone who had a note would come into the bank or to the government at the same moment and demand the equivalent in gold.

Whether or not it was recognized as such at the time, that was inflation.

**Number of Times**  
Since that day, every important currency has been inflated a number of times. A dollar or a yen or a pound or a mark simply wouldn't buy as much of a man's time or as much of what he could produce in that time. Even that development wasn't too much for most of us. We could see that we had a gradual type of inflation and yet if he wanted to, at any time, individuals among could go to the bank, demand and receive a definite number of grains of gold for our dollars. Fortunately, on this side of the Atlantic, no large bank or government was ever embarrassed by someone collecting a quantity of currency representing gold to a larger amount than was held in reserve. Otherwise, people might not have had so much faith in the much-vaunted gold standard. This gold standard of which we used to hear so much incidentally presupposed a value of \$20.67 per ounce.

When things got to the point where currency-doctoring was considered the most certain means of jacking up or holding back industry and trade and controlling commodity prices, the old gold standard idea began to become top heavy. There was a limit, it was discovered, beyond which the issue of bank or government notes could not go, if gold remained at \$20.67. So the price of gold began gradually to rise until the United States took it up to \$35 an ounce and pegged it there.

Then things began to happen which few of us have understood since. Notes which had always been worth a given number of grains of gold suddenly became worth fewer grains. Restraints of almost every kind were put on dealings in gold. In the United States, for instance, it became an offence to possess gold notes of the type which guaranteed payment in a set quantity of gold. In Canada the government took over all dealings in gold, direct from the mines. A maze of conflicting theories from which we have not yet emerged, began to blossom. Bankers told us—and we still believe them—that only Canada's gold production enabled us to come through the depression (or did we ever get through it?) without defaulting on those debts of ours which are payable in foreign currencies.

**Can't See It**  
We did know this: that we could no longer take our banknotes to either our local chartered bank or to Ottawa and get any gold. We were told, and still are, that our currency is backed by gold. But we can't see it, can't touch it, can't possess newly-mined gold coins, which must be pretty things.

Some people profited from the rise in the price of gold, but the banks, which held some as reserve against currency issued, didn't. The government simply ordered them to turn it over to the Bank of Canada at the old price. The banks kicked a little, but did so. They could busy some of it back if they wanted to—up until a year ago. But it was no use to them; their privilege of issuing notes had been taken away at the same time. Individuals were permitted by law to go to Ottawa and demand something like 400 ounces of gold, paying for it at about \$35 an ounce, of

course. We have no idea who bought, but at least the liberty of doing so was there and, to a certain extent, this gave credence to the theory that Canadian currency was, indeed, the equivalent of gold. That privilege is now gone and the only way left of getting gold is to buy jewelry. This method would probably cost \$100 an ounce, which seems a bit steep.

Last year, it seemed as though it might be a good idea for Canada to return to issuing gold coins, at least a million dollars worth a year, just to let Canadians in on the fun of holding some in their hands again for a while. There were objections. All our gold was going to the United States and was being treated as a commodity. We were receiving goods or paid off bonds for it. Hence the national bankers were actually glad to get as much gold out of the country as possible. It made trade look better.

We still keep gold at Ottawa, and the Bank of Canada intends to keep it there. Under our present economic system and with gold at \$35, there is sufficient at Ottawa to provide for all the currency Canadians can use, even in good times. So the bank says. The result is that we continue to export physically, or earmark for export, all our current gold production. The more we export, the more goods we can buy from abroad.

For the present, the easiest thing to do mentally with gold is look upon it as a commodity and strictly as a commodity. The only thing that can happen, in that case, is a sudden lack of demand for the metal. Somehow or other, most of us still can't see gold becoming unpopular, or having it placed in the same class as much over-produced commodities as wheat, coffee, zinc and rubber.

### Edgreek Gold Shaft Now Down to Fifty Feet

Shaft at Edgreek Gold Mines, Beauty-Munro district, is now down 50 feet on way to initial objective of 115 feet. Station is to be established at 100 feet and crosscut driven north and south to cut four veins indicated by diamond drilling. Mineralized quartz stringers have been cut in sinking operations.

### Dodging the Point

A clerk in a large office ventured to approach the manager with a plea for promotion. "I've been in my present position since the time you became the manager, sir," the clerk began. "I know it—I know it," responded the great one, waving him away. "I have a reputation for being a patient and considerate man."—Globe and Mail.

## ANOTHER SALVATION ARMY SERVICE



The Red Shield of the Salvation Army is the sign of service to the soldiers. The picture shows the "Tea Car" at Exhibition Park Training Camp, Toronto. Similar tea cars are in service at other centres here and overseas.

## SIFTING THE NEWS

By Hugh Murphy

There is peace in Finland today for the first time in over 100 days, but there is little rejoicing. It is too much like the peace found by Poland—the peace of the grave.

The tragic part about the whole thing is that help was practically at hand when the gallant little democracy was forced to concede to the demands of her ruthless neighbour. And, in regard to the matter of assistance, Sweden and Norway have a lot to answer for. By the terms of their pact with the League of Nations they were bound to permit the passage of troops across their territory to aid the beleaguered nation. But they were too afraid. One can realize that the two Scandinavian nations were in a miserable position. The presence of Allied troops on their land would not have been liked by Germany inasmuch as it would imperil her chief naturally would not have been pleased. It was all or nothing and they were forced to choose. Whether or not

source of iron ore in Sweden. Russia, their choice will, in the long run, benefit them remains to be seen.

The peace can hardly be construed as anything but a partial victory for the Soviet. Still, if military prestige is valuable it has been a pyrrhic victory for the U.S.S.R. Respect for the military prowess of which the Soviet boasted for so long and so loudly, has very nearly evaporated.

By the harsh terms of peace Finland's defence bastions on the Baltic and Arctic seas are wrested from her. The whole, fortified Karelian Isthmus goes to the Soviet along with the fortified Mannerheim line in front of which so many Russian and Finnish lie dead beneath the trampled snows.

The shell-wrecked but still unsurpassed city of Viipuri goes as do all the shores of Lake Ladoga and three towns.

Hanko, naval base on the southwest and the surrounding peninsula are taken over by the Soviet on a thirty years lease for payment of \$750,000.

Part of the Sredni and Rybachii peninsulas in the far north on the Arctic Ocean go to Russia as do certain islands in the Gulf of Finland and a great slice of northeastern Finland.

A railroad to be built during 1940 will link the white Sea, within northern

Russia to the Gulf of Bothnia, west of Finland, the railroad bisecting Finland above her narrow waistline.

Free transit must be allowed Russian goods across the Petsamo Arctic area from Russia to Norway.

Finland is not to be allowed the right to maintain any warships or submarines in her Arctic waters with the exception of a small coast guard fleet.

The D.N.B., official German news agency, has published its own summary of the most recent encyclical of Pope Pius XII, which appeared in many German and Central European papers. The version omits any reference to "the right of every people to independence" or "to the faithfulness to treaties sanctioned in accordance with human rights." All mention of Poland is ignored, as well as the sentences: "The state may demand goods and blood, but the souls never," and "the hidden tears of the mothers." References to the sacredness of the family are expunged and the rest of the summary distorts and gives a false picture of the Pope's words.

"Well, I didn't intend to get excited over the Patrick's Day, but somehow or other every time it comes ar-round I feel like gettin' up on th' roof an' singin' 'O'Donnell Aboo' so all my hear. I don't know why."

"Maybe," said Mr. Hennessy, "Tis because ye're Irish."

"I hadn't thought iv that," said Mr. Dooley. "Praps ye're right. It's something I nivr have been able to get over. Be this time it's become an incurable habit. Anyhow 'tis a good thing to be an Irishman because people think that all an Irishman does is to laugh without a reason an' fight without an objick. But ye and I, Hinnessy, know these things ar're on'y our divarications. It's a good thing to have people size ye up wrong, whin they're get ye're measure ye're in danger."

"Sometimes I think we boast too much," said Mr. Hennessy.

"Well," said Mr. Dooley, "It's on'y on Patrick's Day we can hire others to blow our horns fr us."

(From "Mr. Dooley at His Best," by Finley Peter Dunne, Scribners, 1938.)

### SENATOR PITTMAN URGES HELP FOR FINNISH PEOPLE

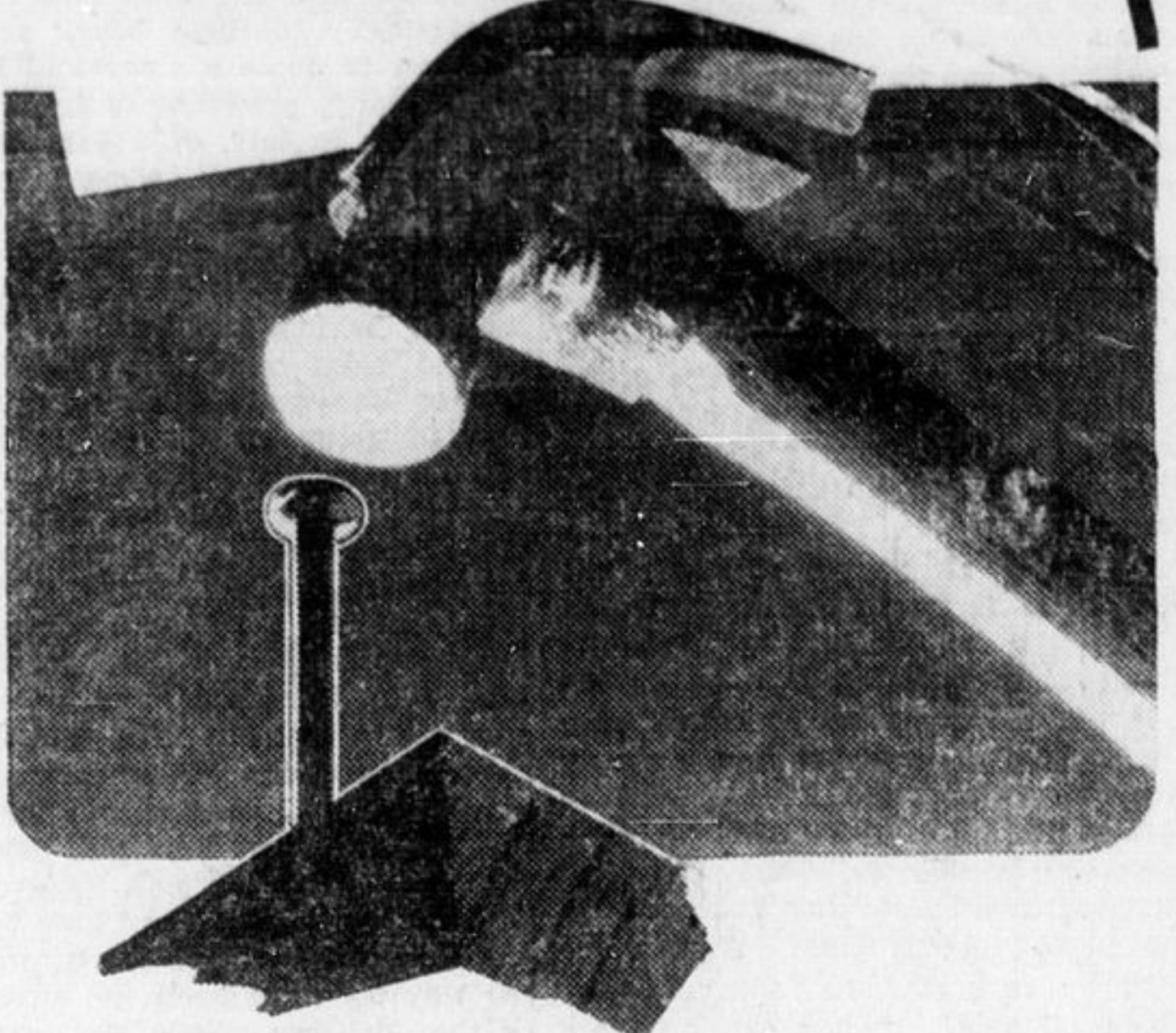
Washington, March 16.—A movement to advance funds for the rehabilitation of Finland appeared today to be gaining ground in the United States Senate. Chairman Key Pittman, of the Senate foreign relations committee, said he is considering asking Congress to vote \$10,000,000 for Finnish relief. The money would be spent through the Red Cross.

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—Edmonton Bulletin.

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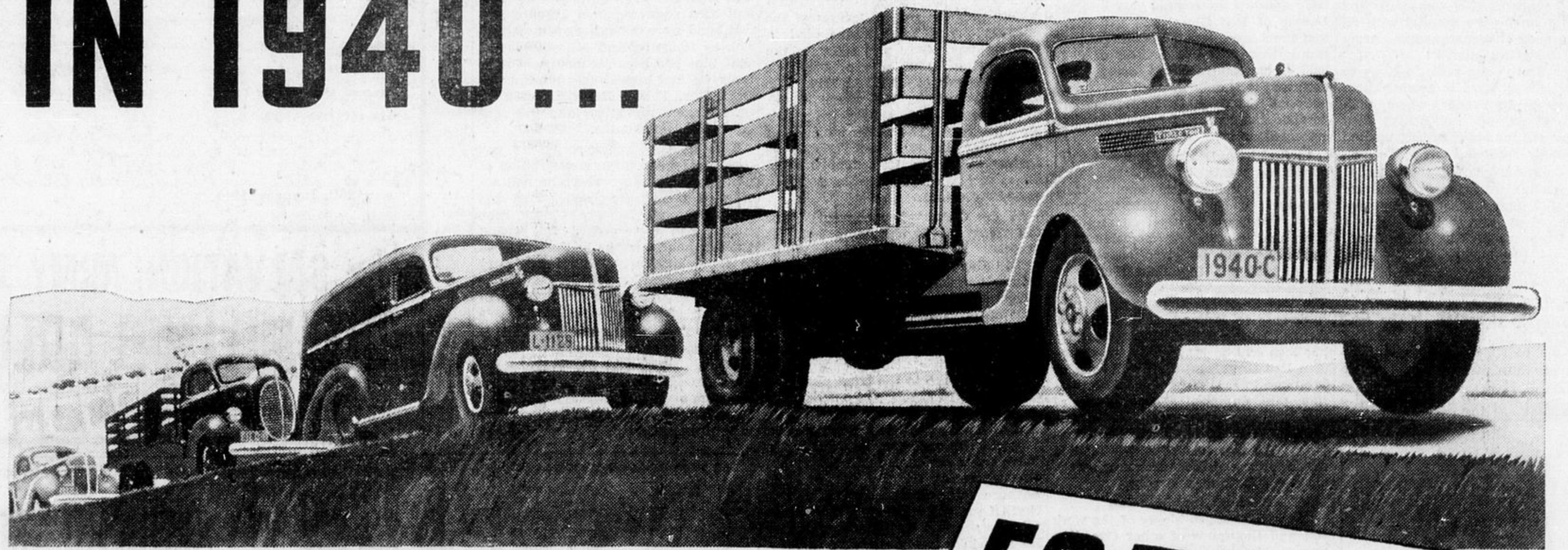
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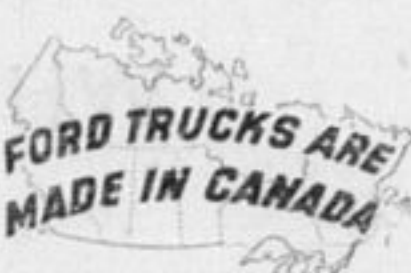


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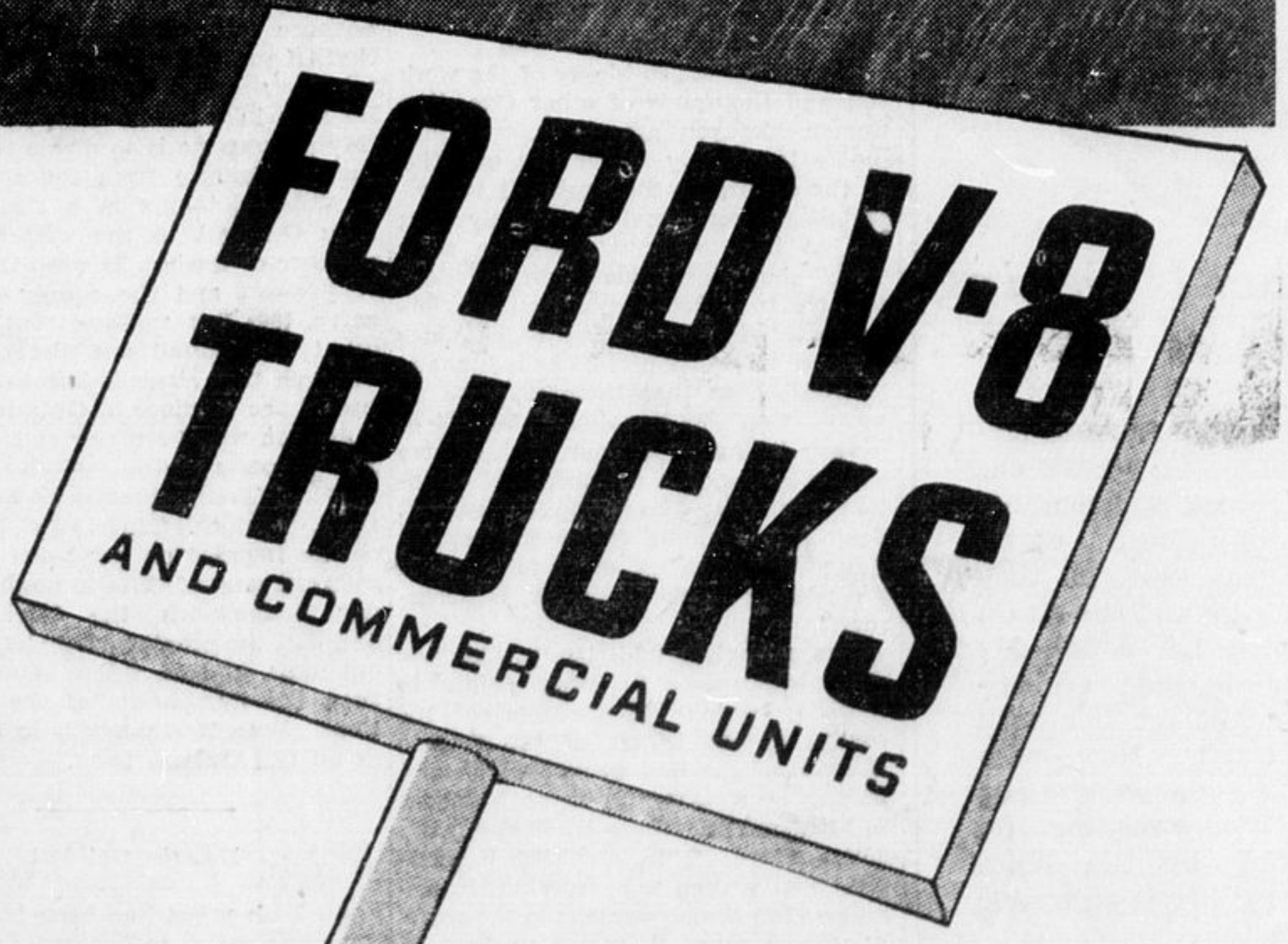
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