

(April 12th, 1937)

## Beyond the Tickers

BY JOHN BIRD.

COLONEL MESS:—Guests and members of the Canadian Club. We have great pleasure today in the presence of Mr. Harry Copeland of the British Empire League of Ohio. He is closely associated also with the Canadian Club of Cleveland, from which he is the bearer of a message to us. Gentlemen, Mr. Copeland.

MR. COPELAND:—Gentlemen: It is my particular privilege to act as a messenger to you from the Canadian Club of Cleveland, and to extend to you, if you find yourselves in that city any Wednesday at noon, a warm welcome to the meeting of the Cleveland Canadian Club, which is held in the Cleveland Hotel.

COLONEL MESS:—I have no intention of reintroducing Mr. Bird to the Canadian Club. He was here before us some six years ago, and his presence will be remembered with pleasure by many. His recent contributions to the Montreal Daily Star under the title of "Beyond the Tickers" are familiar to many of us. I don't know whether his association with that paper during the past six years has brought any change to his sense of humour or his charm of delivery. I think we can assume it has not. Many of us have read those articles. They will not be reiterated today, but I am sure his words today will be most interesting, particularly if they are characterized by his accustomed frankness and freedom of speech. I wish I could, with dignity, introduce him as he would perhaps prefer to be introduced. He calls himself a layman, and no financial expert; an editorial writer—a thrower of custard pies and stink bombs. Gentlemen, Mr. Bird.

MR. BIRD:—Mr. Chairman and gentlemen: I imagine it is a commonplace for you to have your speakers tell you

that they feel it a great privilege to be asked here. Today I wish to subscribe to that commonplace. But I should like to expand a little on that, if I may, and try to make you feel just how much I do feel the privilege. I confess that to me the words Canadian Club do not mean those great organizations such as you have in Toronto and Montreal, but rather all the little clubs right across your country, which I have had the privilege of addressing. From my experience in Montreal, I judge that few members of the large clubs realize that their subscriptions go in part to the cost of supporting those clubs right across the country, or realize what an ineffable boon they may be to the rest of Canada. I wish you would think of yourselves less as members of the Toronto Canadian Club and more as members of a great nation-wide association.

I believe that the association of Canadian clubs, now, as it was six years ago when I had the privilege of travelling across the country addressing the clubs, is one of those instruments which may be used for uniting Canada, and heaven knows, we need all the instruments we can get for uniting Canada.

No one who writes for a newspaper continuously can avoid having a set of hobby horses which he rides over and over again. Looking back over my column for the past four months, I find that it is as full of hobby horses as a ship's nursery, and that the chief of these is the necessity for the reconfederation of Canada, particularly in the matter of economics and finance, and as I ramble along I shall refer again and again to the necessity for thinking in terms of confederation, for it seems to me that the divisive forces are beginning to overcome the unifying forces of the Dominion.

It was kind of you to ask me to come and talk to you, but I am afraid that owing to the fact that I have been working very hard moving my furniture, I have not been able to prepare a set speech, and I shall be able only to think aloud, as it were, in your presence, asking a great many questions and leaving you to find most of the answers.

If I seem to lay particular emphasis on this matter of reconfederation, I do it perhaps because I have something of the fury of a convert. I am not a Canadian by birth, I

was born in South Africa, but I have thrown in my lot with you, and you have been kind enough to treat me as if I were a Canadian, thus making that *status* seem all the more desirable.

But I am not sure that the word Canadian means quite as much to us today as it did at the time of Confederation. I am not sure, indeed, that Canada is not beginning to cease to exist under our very eyes. If we were able to raise the Dominion of Canada about a foot or so above the ground, and then drop it hard enough to smash it, I suggest that it would break up into five easily identifiable parts. Those are the Maritimes, Quebec, Ontario, the Prairies and British Columbia.

Now granted that the country is divided more or less naturally into five sections, does it not behove us as Canadians to reinforce all those elements that go towards strengthening confederation? I mention that because time and time again men are prevented from tackling the problems of the country as they should be tackled because of their fear of the parish pump politician. Take, for instance, the absurd lack of unity in the matter of the Royal Commission to investigate the financial and economic relations of the provinces and the Dominion. Even the provinces most greatly in debt to the Dominion are quite opposed to sacrificing their sacred financial independence. They would not even accept Dominion control of their foreign borrowings, not, mark you, of their Canadian borrowings. So it was also with the National Finance Committee. The representatives of the provinces turned up at Ottawa as if they were going to a party—a hold-up party—in which the Dominion was to surrender its wallet, and they were to get away with the boodle.

Now to my muttons. I am going to talk to you as though I were thinking out aloud a column for the paper.

I haven't had time to read a paper for some days, but this morning in Toronto I did get my morning paper and in it I saw something about the price of gold. Now you in Toronto have a great interest in the price of Gold because many of you have mining shares locked away, but it is not possible to talk about the price of gold alone because this question is tied up with matters that have had a profound effect on the whole world economy.

One cannot begin to talk about the price of gold without thinking of the term "Hot Money". The United States imagination has very aptly connected the situation with gangland and adopted gangland's term. The English speak of it, perhaps more accurately as "Fugitive Money", and I have heard it called "Cold Feet Money".

The Americans are extremely concerned with the Flow of gold to the United States. You are extremely concerned here because the Americans might take steps to stop that flow of gold and so hurt the mining market.

Why is gold flowing into the United States?

The first reason is the profit motive, arising from a very human desire to horn in and get our share of the returning prosperity in the United States. It happens that the American recovery began some two years later than the British recovery, and there is more cream left on the top of their bottle, so Europe desires to horn in and get some of it.

The second reason is another very common one among investors—sheer funk, fear of war or revolution in Europe—the feeling that money is safer in North America, or South America for that matter. We may ultimately benefit in Canada from that feeling to the extent of receiving foreign capital for our industries.

The third reason is the essential unbalance of payments on the part of the United States. Before the world war the Gold Standard worked, largely because it was also the Sterling Standard. Great Britain also provided a free market for the world, and was willing to be paid in goods and services. During the war the United States, from being a debtor nation, became a creditor nation—since the war, the greatest creditor nation on earth. But she has been absolutely unwilling to receive payment, whether of war debts or private loans. We might say: "Let us pay you in goods and services", but we should be refused. That is the background of the flow of gold to the United States. The Americans absolutely refused to accept payment in any other form. And, of course, the situation is now aggravated by the desire of Europe to "horn-in" on the American prosperity. What I have said is not intended as a criticism of the United States, just like that, for it is far better for the Americans to say these things themselves. I am very

glad to see Cordell Hull and Wallace putting these views before the American public, and asking whether it would not be better to receive payment in part in goods and services?

Now the danger is that the Americans may decide to treat the symptoms rather than the condition. It has been suggested that they might tax foreign gold coming in or lower the price of gold in terms of American dollars.

I have a great deal of sympathy with them, in their desire to control the boom. I regard the present administration at Washington as one of the most remarkable in the whole world. The New Deal, seen broadly, is a very fine thing; even though I do feel it necessary to quarrel with some of its details.

It seems to me that the Americans rather overdid this business of revaluing the dollar, when they cut its gold content forty per cent and raised the price of gold seventy per cent. They now realize it and that is one of the reasons they are scratching their heads and wondering what to do about it.

One wonders, if fiddling with the price of gold is going to help. Supposing, for example, they reduce it to \$30 an ounce, or, alternatively, that they tax incoming gold at the rate of \$5 an ounce, what will be the net effect?

Supposing it just drives down the price of gold in London, and sterling remains where it is today. That would mean that we are just chasing ourselves round the mulberry bush and that there would be another influx of gold and the remedy would be perfectly ineffectual.

Suppose you drive down sterling and leave the price of gold where it is? If you did, you would get the most appalling howl from the American Exporter. They have fought hard to keep the price of sterling from going down, and if it did it would cause a most appalling shock to their whole business community.

They have come to regard their recovery as associated with the revaluation of gold, just as the British have come to associate theirs with their departure from the gold standard.

To my mind there are three ways they can deal with the situation on a satisfactory basis. First, they could

suppress their recovery to a point where the American market will not be a protection for foreign capital. Second, they may let down tariff barriers to a point where the foreigner can pay his debts in goods and services; and third, they could help in the stabilization of Europe and so help to allay the panic which leads to the export of so much capital.

I imagine that Hull, Wallace and Morgenthau have these things in mind in all probability. They realize that this gold is just as valuable to the countries it is leaving as it is a nuisance in the United States. They realize the other side of the medal—the case of France. Here you have gold flowing out of France, where it is needed, and going to the United States, where it is unwelcome. You have Roosevelt crying “Boo” and shouting “Wolf”, and on the other side of the Atlantic you have M. Blum, who is doing everything he can think of to persuade this capital to come back home to France. He has adopted the attitude attributed to the tailor: of demanding payment in full and at the same time begging for more orders. He is crawling on his knees and shaking his fist. I don't blame him, for it seems highly desirable that the exportation of capital from France should cease. It would be intelligent of Americans to do everything they can to help in the stabilization of Europe, if only from the point of view of their own exporters.

Just let me gather up a few loose ends. First I want to urge upon the public, the business men and my fellow press-men to take into account that remarkable collection of financial and economic writing that is buried away in the learned quarterlies such as *The Canadian Journal of Economics and Political Science*. If you will only burrow into such publications, you will find a veritable mine of material of great value and immediate interest.

One of the phenomena of the depression was the amazing outburst of writing it caused. One would have thought it would have been a bad time for writers, but that is far from the case. There was a long succession of valuable books. It is a difficult matter to pick a few out of so many but I may mention works by Professors Plumtre and H. A. Innes, Frank Hawker and T. W. L. McDermott.

There was one under the auspices of the Canadian League for Social Reform, which caused great alarm on St. James' Street—an alarm that brought about an answer in the form of pamphleteering. It was a very healthy sign. There are so many books that receive the intelligent attention of the specialist, but practically none from the general public and the press.

Now may I say one little word on Quebec. I know I have just left Montreal but I do not want you to think that what I am going to say will be said in the *esprit d'escalier*. I am going to ask you to watch Quebec: sympathetically if you can, but watch it nevertheless. Most people will tell you that the major problem of Canada is the condition of the prairies. I don't think that is true. In terms of confederation, I suggest it may be the Province of Quebec. Nothing I have to say is aimed at any political party or any one race. The essentials of the problem are just these: You have had in the Province of Quebec during the last six or seven years the same suffering and economic protests that you have had elsewhere. But in the Province of Quebec those protests became linked up with an existing nationalism. Therein lies the danger. It is a nationalism that has spread to all parties and its strength and prominence have given it a new seriousness for Canada. I would ask you first, to try to understand it; and second, not to let your own economic troubles become confused with nationalism and so have the clash of two nationalisms in Canada. The matter could be handled without trouble, if all Canadians, would think in terms of Confederation, before they think in terms of the parish pump.

There is another matter. Unemployment. There again we see the divisive forces preventing us from tackling the problem in wholesale fashion. I want to put in a plea for public support for Purvis and Rogers. Those two men have to tackle the number one immediate job of all Canada. They need your support lest the forces of partition prevent them from doing their work. They need your support in other ways. I found in Montreal that the old men particularly were in too much of a hurry—unwilling to allow the National Employment Commission sufficient time to make a thorough survey of the problem. They kept asking:

"Where are the results?" "We don't want statistics", they said, "We want something done and done now". But, gentlemen, you simply cannot tackle a job unless you know its nature and extent. The National Employment Commission is the only hope we have of getting a reasonable scheme for dealing with the unemployment problem in Canada and I would appeal to you to have patience and give it the necessary time to do a proper job.

Another point. Travelling up and down St. James' Street I found lots of people who wanted to talk to me about armaments, and the armament boom in Canada as far as we have got any. I ask you to consider the implication of an armament boom. It is meaningless unless there is a threat of war, and a threat of war is obviously a disaster of the first order. Surely we in Canada cannot forget the effects of the last war. Consider only the prairies. Consider how our patriotic motives were stimulated in the matter of growing wheat till we brought all sorts of land under cultivation, that should never have been used for wheat-growing. Take a look at the dried out areas. They are part of what the last war did to Canada. Take a look at them, and then consider if the next war will be such an unmitigated boon to Canada. Is it sensible to talk about something essentially disastrous, as if it were good for business?

Armament has, of course, been the greatest stimulant to our base metals industry. We have to rejoice that mining has helped us to redress our balance of payments, but we must not get into the habit of thinking that mining will be of as much value to the country as a prosperous agriculture. It may help to make a difference, but it will never do as much for us, as a prosperous agriculture will.

In South Africa they are making a desperate effort to get away from the unbalance of mining in the matter of economy. They are taxing mines to stimulate agriculture. I would gladly swap the Rand for the Missouri Farming belt, dust bowl and all, because a prosperous agriculture means more to a nation than mining can ever mean. Mining is valuable to redress our balances, but let us not think of it as replacing agricultural economy.

Talking of dictators, I have met many people, who have said to me: "I wish we had a Mussolini in this country".

I would like to have a few words with business men on that. Granted that they may have a way with them in suppressing strikes. Granted that both Hitler and Mussolini started out with the avowed intention of protecting vested interests, but it did not take long before they succeeded in introducing a control over capital that is indistinguishable from the control exercised in Russia. The difference between communism and fascism is very small. They may start out from opposite ends, but they very quickly meet in the middle.

If anyone yearns for a dictator in Canada because he might have a way with strikers, let them consider how the flow of capital has been throttled in Germany, and the manner in which Mussolini persuaded Capital to make loans.

Democracy today is at a crisis. It is to the interest of capital to support it, for it is obvious that today the most prosperous nations are the democracies. While, for the time being, they may appear to be truckling to the dictators, actually the great weight of economic and financial strength lies with them. To preserve that strength I suggest that it will be necessary for Capital to serve Democracy. We may have to control economy, but let that control be wielded at the ballot box.

Just as democracy is at a crisis, so is Federalism at a crisis. Federalism throughout the world is in difficulties. In order to preserve this Dominion you will have to be not only good fighting democrats, but good fighting federalists and Dominion men.

In closing let me say that, though I am not one, I have been described as a financial expert; and people look to me for tips. I will do better than that for you. I will give you an invaluable guide to the Stock Market. Most people are looking for one. It may be purchased from any bookshop, or borrowed from any modern lending library. It is called "*Hunting of the Snark*", and was written by Lewis Carroll, author of "*Alice in Wonderland*". You may remember the story describes the pursuit of the Snark, and that the Snark was speculative profit on margin. The Bellman is your favourite tipster or you favourite source of financial information. The rest of the characters are easily identifiable. The Barker is the broker and the Beaver

is your humble servant. You are the Baker. He was the only one, you will remember, who met the Snark, but the Snark turned out to be the Boojah, and the Baker vanished away and was seen no more.