

Journal of Commerce

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MONTREAL, AUGUST 8, 1914.

Banks or Ships

Hitherto the National Banks of the United States have not been permitted to establish branches abroad. Under the new United States law this privilege is allowed and some of the banks are looking into the subject with a view to availing themselves of the permission.

Democracy's Revolt Against Armaments

Jean Jaures wrote a remarkable article for the "London Chronicle," shortly before his assassination, on "The Waste and Folly of War." It is an article which is destined to become a classic, filled as it is with the spirit of scorn and contempt for those bureaucrats of Europe which have placed upon the shoulders of the poor an awful burden which is slowly but inevitably crushing out their lives.

Jaures wondered whether the French bourgeoisie would take the initiative in a revolt against a regime of armed peace, which was undoubtedly exhausting the nation, or whether the middle class would arise and demand an immense effort of international diplomacy for the reduction of armaments.

Unfortunately, however, the voice of Jaures was like that of "one crying in the wilderness." The menace of Germany on the frontier overshadowed France, and prevented that clear-headed nation from throwing aside once and for all the crushing burdens of militarism.

on "good steel." He asserted that if there is one thing that is finer than a charge of the German Uhlans at manoeuvres, it must be a charge of these same men when sweeping on to overwhelm the enemy. Such are the ideals of the belt to the throne of a great people.

Stories of German intrigue in connection with treaty obligations which are now coming to light do not add lustre to that country's fame.

Undoubtedly Belgium has given Germany a surprise and the plucky defence of the Little Kingdom may be a big factor in the contest.

The manner in which the two parties in Ireland have united is a striking rebuff to the German Emperor who undoubtedly hoped to take advantage of a dis-united Ireland.

The present war can only end one way and that is by the complete defeat of the German forces. When peace is dictated from Potsdam a condition should be the banishment of the whole Hohenzollern dynasty. They have been the disturbing element.

We wonder how long the Kronprinzessin Cecilie will remain at Bar Harbor? To be tied up at a wharf in a prohibition state must be a trying ordeal for the German crew.

Evidently the German fleet believes in the old adage of "He who fights and runs away may live to fight another day"—with emphasis on "runs."

The arrest of eighty Germans in Hull, Eng., who were unable to satisfy the police regarding their presence in that city, calls attention to the fact that there are in Montreal and other centres in Canada numerous persons of the same nationality who, while well supplied with funds, have no other visible means of support.

So the treasurer of Mexico is accused of a \$1,000,000 shortage. That sounds so natural that the world at large will admit his guilt without calling for the proof.

It was a recruit's first appearance at the rifle range. The range officer tried him first at 500 yards, and the recruit could not come within a mile of the target.

"A fellow's got to be very specific in what he says these days." "How's that?"

"Well, just listen to that chap talking about the big fight the Federals put up. You can't tell whether he's talking about a baseball game, the war with Mexico, or the Colorado strike trouble."—Life.

The superintendent of a penitentiary, was escorting a party of women visitors through the building, says Harper's Magazine. They entered a room where three women were busily sewing.

YE MARINERS OF ENGLAND.

Ye Mariners of England That guard our native seas! Whose flag has braved a thousand years And the storms of the breeze!

Britannia needs no bulwarks, No towers along the steep; Her march is o'er the mountain-waves, Her home is on the deep.

The meteor flag of England Shall yet terrific burn; Till danger's troubled night depart And the star of peace return.

IN THE LIMELIGHT

A Series of Short Sketches of Prominent Canadians.

It is a very unusual thing that in a staid old company, nearly 70 years old, there should be three different executive heads within the short space of six months; but that has been the experience of the Canada Life Assurance Company.

To Senator Cox, who when the year 1914 opened was in the Canada Life's Presidential chair, it is scarcely necessary to make more than a passing reference, for his wonderful career of achievement in the world of finance as well as in the service of the Canada Life, is already well-known.

death in June last again left this very important office vacant, and the election to it of Mr. Herbert C. Cox, the last surviving son of the late Senator, arouses a fresh interest in one who had already become pretty well-known through notable achievements in many directions.

The assuming of the various offices and directorates held by his late brother will cast on his shoulders a burden of responsibility such as very few are called on to carry.

But while Mr. Cox's career as an insurance man and financier has been such as very few men of his age have attained to, that represents only one side of a character remarkable for activity and public spirit as well as ability.

In those movements towards the betterment of conditions in the life insurance business, Mr. Cox has naturally taken a keen interest, and he has rendered notable service to the Life Underwriters' Association, having been chairman of the Executive Committee continuously from its organization in 1906 until 1912, except in 1907, when he was president.

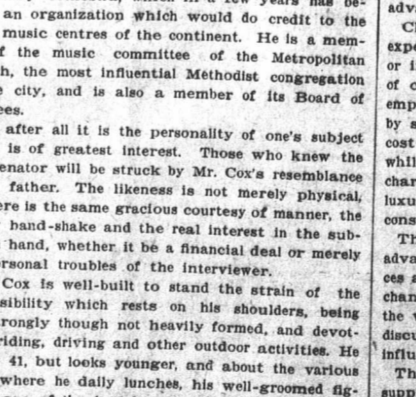
His interests outside of life insurance, especially in the field of social betterment, are varied and important. He has taken a deep and active interest in the erection of the new General Hospital, which is the pride of Toronto's citizens, serving on several committees in this connection.

But after all it is the personality of one's subject which is of greatest interest. Those who knew the late Senator will be struck by Mr. Cox's resemblance to his father. The likeness is not merely physical, for there is the same gracious courtesy of manner, the hearty hand-shake and the real interest in the subject in hand, whether it be a financial deal or merely the personal troubles of the interviewer.

Mr. Cox is well-built to stand the strain of the responsibility which rests on his shoulders, being tall, strongly though not heavily formed, and devoted to riding, driving and other outdoor activities. He is now 41, but looks younger, and about the various clubs, where he daily lunches, his well-groomed figure is one of the best-known and most popular.

Mr. Cox is a member of the following clubs: York, Toronto, National, Ontario, Royal Canadian Yacht Club, Ontario Jockey Club, and the Arts and Letters Club. He is Honorary Colonel of the 9th Mississauga Horse and Master of the Enticlers Hunt.

It is understood that the Canada Life staff are delighted that the family which will continue to be directed by one of that family which in the past has done so much to build it up, and they are fortunate that the next in line is so well equipped in every way to carry on that company's tradition.



Herbert C. Cox, the last surviving son of the late Senator, who when the year 1914 opened was in the Canada Life's Presidential chair.

THE COST OF LIVING.

(Number Eighteen in a Series of Short Articles on Business Economics, by Professor W. W. Swanson.)

There are two questions that need to be particularly considered when studying the problems involved in prices and their relation to the cost of living—namely, how to ascertain and measure price changes, and second, what are the consequences of such changes.

The measurement of changes in the value of money (gold) would be easy if all prices went up and down together. But this they never do. Some prices go up, while others go down. Occasionally, in periods of crisis or under peculiar conditions, all prices change in the same direction.

To get at the general trend in prices, and to measure the extent of the change, resort is had to index numbers. An example will best explain how an index number is constructed.

Suppose that on January 1, 1900, the price of iron was \$15 a ton, of wheat \$1 a bushel, of cotton 10 cents a pound, of wool 40 cents a pound. These are called the base prices.

Table with 3 columns: Commodity, 1900 Base Price 100, 1901 Price to base 100. Rows include Iron, Wheat, Cotton, Wool, and Average (arithmetic-cal average).

The index number was 400 for 1900, and rose to 448 for 1901. Reduced to the arithmetic mean, the index number for 1900 was 100; that for 1901 became 112.

Sometimes index numbers are given in the first form by simple summation; such, for example, is the mode in which the well-known index number of the "London Economist," the greatest financial and commercial paper in the world, is made up. More often the numbers are averaged.

In constructing an index number a great many commodities must be included to indicate the general trend in price levels. Not only so, but all commodities can not be given an equal value in the table. Rice is not as important as wheat, tin as iron, silk as cotton, etc., in the consumption of America or Europe.

Hence, in constructing an index number it is important to give each commodity its relative value from this point of view. This is called "weighting" the index number.

If, therefore, instead of the four commodities mentioned in the table, fifty or a hundred are treated in this way, we can feel some confidence in the indication obtained as to the general change in prices.

This explains why the statements of many business men in Canada, who have been in business a long time, that prices have not advanced, are unreliable. We have been regaled with accounts of how tea, coffee, sugar, spices, silks, and so forth, have fallen in price during the past fifty years. This is quite true, but prices as a whole have advanced during the past generation.

It has already been explained that the rise in prices has been due to not one cause only, but to many forces affecting either the production of goods or of gold, or the demand for these commodities.

The principal index numbers are those constructed by the German economist Soetbeer, by the economist of the "London Economist," by the United States Labour Department, and also by the Labour Department of Canada.

Causes of Rise in Prices. It has already been explained that the rise in prices has been due to not one cause only, but to many forces affecting either the production of goods or of gold, or the demand for these commodities.

Chief among these is the increase of uneconomic expenditures. These have been undertaken for wars or in preparation for wars. The cost of the burden of crime, pauperism, insanity, accident, disease, unemployment, and other social wastage must be paid by society, and has meant heavier taxation, increased cost of production and hence increased prices.

The factors that have contributed to bring about an advance of prices fall into three main groups: influences affecting the supply of commodities and services; changes in the demand of consumers; and a fall in the value of gold.

The main influences that have operated to restrict supply of food products are the drain of population from the land, resulting in decreasing the proportion of persons engaged in agricultural production.

The exhaustion, or semi-exhaustion, of natural resources has also restricted the supply, and raised prices. Wasteful methods of production and distribution have also unduly advanced the cost of living.

Of particular importance in the field of economic waste are needless multiplication of middlemen, and

Increased charges in the passage of commodities from the source of supply to the door of the consumer. Perhaps, however, the middlemen have not received justice, on the whole, from the hands of critics.

Excessive expenditures for advertising raise the cost of production. The adulteration and debasement of the quality of foods results in giving the consumer an inferior commodity at a relatively high price, and operates in raising the cost of living.

The changes in reference to demand have come about through the growth and concentration of the population in cities and towns, the general advance in the standard of living, bringing about larger requirements on the part of the individual consumer, and the growing tendency on the part of the upper classes to spend extravagantly.

The classification of the increased cost of living may be outlined in tabular form as follows:

- 1. Increase in uneconomic expenditure. a. Social wastage. b. War and national armaments. c. Higher scale of government expenditures. d. Cost of crime, pauperism, insanity, accident, disease, unemployment, and so forth.

- 2. Increase of economic expenditures in consequence of higher prices. The causes of the advance of prices may be classed as: a. Changes in supply. (1) Drain of population from the land. (2) Exhaustion of natural resources. (3) Wasteful methods of production and distribution. (4) Transportation. (5) Wholesale and retail costs. (6) Adulteration. (7) Package foods. (8) Tariff. (9) Trusts. (10) Labor unions. (11) Legislation. (12) Sanitary laws. (13) Pure food laws. (14) Labor laws.

- b. Changes in demand. (1) Growth and urban concentration of population. (2) General advance of standard of living. (3) Extravagance in expenditure. (4) Increase of gold supply. (5) Extension of unwarranted credit.

CIRCLING SOUTH AMERICA.

One use to which the Panama Canal will be put is that of enabling steamship lines to encircle the continent on a continuous water route from Europe or any other manufacturing country, distributing manufactured products on the way and collecting raw materials for the supply of home industries.

The Austrian government recently subsidized a line of steamers to be operated by the Austro-American Steamship Co. between Trieste and Chile. The outward journey will include call at Brazilian and Argentine ports, passing round by way of Cape Horn and home through the Panama Canal.

ALWAYS ON TAP. (If you can't get a paper at your vacation place, clip this out and save it for every day in the week.) Steamers Ram Schooner in Fog. Man's Home Blown Up by Bomb After Black-Hand Threat.

White Hopes Clash: Winner to Challenge Johnson. Magnate Says New League Can Not Last. Plans Performed for Safe and Sane Fourth. Children Burned by Fireworks. Aviator Rights His Machine After Falling 982,000 Feet.

BRINGING YOUR BATH TO YOU. Vienna is building a municipal bath, which will be the largest in the world, being 820 feet long by 137 feet wide. Yet it is only quite recently that Vienna has abandoned what was the most primitive and cumbersome of the purveyors of private baths.

NO ANCIENT CHIMNEY SWEEPS. Chimney sweeping, which has retained a fortune of over \$15,000 for one of its exponents, is a comparatively modern profession. No one of the Roman rulers show chimneys like ours, with fireplaces and flues, nor are any to be found in Herculaneum or Pompeii.

TO WORK LONGER HOURS. Communicating Monday next, the Dominion Textile Company will start to work on a basis of 90 per cent. capacity, due to large orders received from Canada.

BANK OF ENGLAND PURCHASES GOLD. The Bank of England has purchased \$2,155,000 of gold bars. The bank received from Argentina \$96,000, from Brazil \$447,000, and from the United States \$1,000,000.

GOVERNMENT TO ASSUME INCREASE. New York, August 8.—An appeal was made to Congress to-day by a Chamber of Commerce Committee asking that the Government assume the increased insurance premium on all shipments brought to the European war. It was also urged on the part of the committee that the matter in dispute that speedy action should be taken on the changing the ship registry rulings.

MAN SHOE MACHINERY IS LARGELY ANTIQUATED. Britain, France and Russia Have Their Shoes Made Under Contract, Mainly on United Shoe Machinery.

Britain, France and Russia Have Their Shoes Made Under Contract, Mainly on United Shoe Machinery. London, August 8.—The United Shoe Machinery Co., Boston, with many other industrial companies in the United States, has large interests at stake in the European war. The United Shoe Machinery Co. has plants in nearly every civilized country on the globe, but its foreign factories are in England, France and Germany.

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GOOD STUFFS STILL INCREASE IMPORT

Materials for Use in Manufacturing Also Swell America's Incoming Trade

INCREASE IN JUNE EXPORTS

Compared With a Year Ago, With \$1,000,000 Behind a Year Ago, Accounted For by Shipments of Manufactures Ready for Consumption.

Washington, August 8.—Foodstuffs continued to show a marked increase in value, the increase in the value of increased imports, the increase in the value of increased exports, and the increase in the value of increased exports, and the increase in the value of increased exports.

The items mentioned cover over \$21,000,000 of value, and are accounted for by an increase of eight per cent. in foodstuffs, exports of \$2,031,000, and an increase of exports of manufactures (other than foodstuffs) of \$1,968,000.

The export side of the decrease in June as compared with the same month of a year ago of \$6,057,000 is accounted for by smaller shipments of manufactures ready for consumption by \$7,675,000, and by a decrease in foodstuffs exports of \$1,618,000.

The figures for the fiscal year we find that the total increase in imports of foodstuffs account for \$89,000,000 of the total increase of \$90,917,000. The increase of manufactures ready for use is \$40,134,000, which is a growth of 9.8 per cent., but is offset in part by a decrease of imported manufactures of \$1,968,000.

The total increase in imports of manufactures, therefore, for the fiscal year, is \$10,447,000, which is less than the total increase in the importations for the fiscal year 1913.

The export side again, the decrease for the fiscal year of \$8,221,000 is accounted for by the decrease in exports of foodstuffs to the extent of \$1,618,000; by a shrinkage in manufactures ready for consumption of \$5,153,000, equal to 6.6 per cent.; and a further shrinkage of \$4,189,000 in manufactures for further use in manufacturing, equal to 8.3 per cent., which are offset by an increase in exports of crude materials of \$60,886,000, an increase of 10.5 per cent.

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