

Production and Distribution

The Two Principal Features in the Rising Cost of Living in Canada

(Special Correspondence.)

Whilst the old countries of Europe, engaged in the greatest war of all time, are enrolled with the most disturbing national problems that history records and doing everything possible to solve them by the force of arms and courage of her children, we find ourselves here in Canada facing an economic situation which threatens the base of our national existence and sets for our reflection one of the most vexing problems of which the necessity for a solution urges imperiously. Something is wrong in our economic system, which to-day is not working in a satisfactory manner. Every-one complains without, however, knowing just where to fix the blame for the present unhealthy conditions. All are agreed that the time seems ripe to make a serious effort to find out the cause of the evil and then to apply a remedy of the nature which the circumstances of the case will suggest. The gravity of this economic disorganization, it is true, is not very apparent. It is a latent state of which the manifestations are not perceptible at first sight, but it is precisely for this reason that it is necessary without delay to put forth some power to stop the evil which is slowly and surely undermining our national economic fabric.

The public in general, the consumer, complains bitterly of the actual situation and is ever putting forth loud protests concerning the high cost of living which has come to such a pass as to deprive those of small means of the essentials in order to live.

The merchant, both wholesale and retail, to whom one is disposed to impute the cause for this abnormal situation, does not fail to protest against these allegations and even to pretend that his margin of profit on what he sells is hardly sufficient to permit him to get along through life.

The manufacturer or producer, finally, who in the last analysis may appear to be the cause of all evil, defends himself from the attack with energy, arguing that labour is very costly and that the cost of production is too high to permit of his being satisfied with the results of his enterprise.

Thus the three constituent elements in the commercial world, the consumer, producer and the distributor are unanimous in their complaints.

Rightly enough these exceptional conditions which threaten our national prosperity call forth from the people of Canada protestations which should cause those responsible for the people to look into the causes that make for the ever soaring cost of living.

Very much has been said about the cost of living of which the constantly increasing cost is not of a nature to reassure the public that the evil will be mitigated. Many have sought in vain, to discover the causes leading up or responsible for this increase in cost.

Statesmen, scholars and economists have sought in vain to find the point of departure in this increase. The net result of their investigations is an elaboration of many theories to explain the motives of this phenomenon. Nothing seems to indicate that anything has been said or done even to lessen the hardships from which all are now suffering much or less to bring forth a system to eradicate the evil.

Some have attributed the present conditions to the scarcity of gold, or commercial combinations to cause this great leap in the cost of necessities of life. Others have laid the cause for it to the financial extravagance which has characterized our epoch. In a word each side have attributed causes and given the causes for his present state of affairs but all those such must be of some value in arriving at a solution of the problem. It is agreed however that none of the reasons so far given touch upon the real sources of the evil which it is desired to remedy.

The problem of the present hour, and the one which is of paramount importance to us in Canada can be divided into two parts, or rather presents two aspects which must be considered in order to arrive at an interesting conclusion and a practical result. These two aspects are, those of production and distribution.

When a nation feels itself attacked seriously by the poison of an ever increasing disposition towards raising the price of the commodities of daily life, and the nation would find the cause of the evil, it must first of all go back to the very origin of the products concerned, or rather to the source of these

products to see if it is not there that the root of the evil is to be found.

The first problem which presents itself then for our observation is the one of production.

But, once the product goes out from the factory no one can say, who it is that gives it the quality of being salable and places it within the reach of the consumer.

It must necessarily before reaching its ultimate destination which is the consumer pass into the hands of many different persons who act as distributors carrying as they do such goods to the four corners and even beyond the Dominion of Canada.

This action or work of distribution is the 'raison d'être' of the wholesale and retail merchants. These two classes of merchants enjoy a social role of a very long and universal importance, and it is of a nature of a conflict which has set the public at grips with the high cost of living.

This explains for us why this problem which occupies our attention and which contains two in one has for a second constituent part the question of distribution.

The question of foodstuffs is something necessary and for which no one can substitute any other system. It is proper then that one turn seriously to the question of how this distribution is carried out, by what means it can best serve the needs of the public and by what measures it can be regulated.

One can readily imagine that in keeping with recognized methods the cost can be more or less increased and so can conceive of the vast influence the machinery of the distributor can have on the cost of living. This is particularly true if the aims of the distributor are ill-directed and wrongly applied in their principles.

The study of these principles is without doubt the best preventive measure against the excesses which have contributed to create the painful situation which each one so much deplures.

It should therefore be the purpose of the retail merchants to give serious thought to the study of this question. They will find a personal advantage in it in the sense that they shall be able to measure the conditions that make for a lessening of the cost of distribution and thus in satisfying their customers share in the solution of our great national problem.

Fallacies in German War Finance

Failure to Resort to Taxation Even to Pay Interest on Debt a Bad Augury for the Future

FROM "THE ANNALIST"

The fifth German War Loan, the subscription lists of which were opened September 4th, has aroused greater interest than any of its predecessors. This undoubtedly is due to the circumstance that the issue is taking place under military conditions less satisfactory for the Teutonic Empire than have prevailed at any time since the commencement of the war.

In a recent review of the situation on the Continent the British Secretary for War, Lloyd George, declared that Germany has missed her chance, and in view of the magnitude of the Allies' preparations and the adoption of conscription in Britain, it is a reasonable conclusion that what the German military machine failed to accomplish when it had only partially equipped and much smaller armies to deal with must now be beyond its power. The possibility of German victory seems remote.

Growing Doubts.

The German press is, of course, merely performing its duty in assuring the public that all is well, but the nature of its war loan propaganda is an implied admission of growing doubts of any overwhelming military victories. Clearly, as our London correspondent remarks, it is having to take account of a certain restiveness on the part of the public, the existence of which is indicated by the character of the efforts which are being made to reassure. Most significant, perhaps, is the fact that for the first time the investor is being asked to subscribe without the promise of an indemnity from the defeated enemy of unimaginable dimensions. The word has not ceased to form part of the German vocabulary, but it has been very sparingly used during the last few months and so far, at any rate, as the more important journals are concerned, finds no place in the war loan campaign.

The security of the latest emission is said to be the credit of the whole German Empire, without reference, of course, to the neutral opinion of such credit, which finds expression in the conditions of the exchanges. It is a significant fact that on the day that the war loan subscription books were open the New York Exchange on Berlin stood at the lowest point reached to that time since the outbreak of hostilities.

In view of the virtual suspension of trade relations between the United States and Germany this depreciation is regarded as a rough indication of the real value of the mark as a future medium of international currency.

Concurrently with the abandonment of the indemnity fiction the working classes are told that the burden of meeting the interest on war debt will not be laid on their shoulders, but as to the manner in which it is to be met there is a significant silence. Equally the promise is made that at no time after the war will there be either a forced reduction of the rate of interest on war loans or a special tax

on war stock loan or interest. Then those who fear to lock up in war loan money which they think they might require after peace is declared are told that the loan bureau may be continued after peace and that money may be raised there at easy terms on war loan stock.

Fostering a Delusion.

Most important of all is the necessity of combating the notion that the subscription of the new loan will help to prolong the war. This doctrine has apparently been propagated to some purpose and is described by the Frankfurter Zeitung as "dangerous" and "pure treason." This journal is endeavoring to prove that the new loan will shorten the duration of the conflict.

Whether the press and those who officially or semi-officially inspire it are acting discreetly in implying that no great taxation is to be laid upon the poorer elements of the community, while tacitly admitting that indemnities which could alone relieve them of the national obligation are beyond their grasp, the future alone can decide. To the ordinary observer the policy seems imprudent. The war loan interest should be met from taxation to which every class must contribute.

The financial affairs of the German Empire are now under the control of Count Roedern, who succeeded Dr. Helfferich as Secretary of the Imperial German Treasury, and presumably is responsible for a series of promises which may conceivably be justified on patriotic grounds but can only result in bitter disappointment when the final war budget has to be presented to the nation. So far it may be said the German people have declined to assume any considerable additional taxation, and the ruling powers have hesitated even to provide enough revenue from new taxes, or an extension of existing ones, to meet the interest on war debt, and there is still no indication of a departure from the chosen path of meeting such payments out of fresh borrowing.

Clearly there is very great danger in the prolongation of the present policy, and the enemies of Germany are not, perhaps, presuming too much in concluding that the financial advisers of the country are finding very great difficulty in reconciling the present situation with past utterances and promises. The four German war loans which preceded the present issue were floated on the terms shown in the subjoined statement and had the indicated result:

	Amount Subscribed.
(1) September, 1914.	
5 per cent. at 97.50, irredeemable before 1924	\$ 865,000,000
5 per cent. Treasury bonds at 97.50, repayable at par by five half-yearly	

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