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PREPARING FOR RE-ADJUSTMENT.

Canadian business is wise to proceed on the theory of a long war yet. But it is necessary to bear in mind that the longer the war, the greater the violence of the re-adjustment in industry and trade, which will follow its close. As the war continues, a constantly increasing proportion of the national energies will be absorbed by it and by concomitant essential operations, such as the production of foodstuffs. The process of concentration of energies upon war aims has been marked during the last twelve months, and that concentration will be intensified during the coming year. With the end of war, only one of our present activities can, with any confidence, be expected to continue. An ill-fed Europe, and possibly, a less well-fed than usual America, will continue to make great demands upon our capacity for food production. Apart from this important activity, however, there will be necessarily sweeping changes in our production and trade. Not only will there be the necessity of changing industrial machinery to make new products, but new markets will have to be found for those products. Other probable circumstances of that time are summarised in an admirable address the other day, by Mr. William Moffatt, the assistant general manager of the Imperial Bank:—"When the war is over our taxes must be heavy, provision will have to be made for interest upon loans which have been created, and the profits which we have been receiving on munition contracts will not be forthcoming. The public as a whole will have diminished purchasing power seeing that lower prices will have to be accepted for products without a corresponding reduction in cost of production, and we shall at the same time have to face a declining market for goods carried."

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In England, some months ago, the interesting step was taken of the appointment of a Minister of Re-Construction, charged with the duty of co-ordination of preparations for after-war conditions. That Minister and the Treasury have lately appointed an important committee, comprising bankers, solicitors, accountants, railway men and manufacturers, under the chairmanship of Sir Richard Vassar-Smith, the chairman of Lloyds Bank, whose duty is to report whether the normal arrangements for the provision of financial facilities for trade by means of existing banking and other financial institutions will be adequate to meet the needs of British industry during the period immediately following the termination of the war, and if not, by what emergency arrangement they should be supplemented, regard being had in particular to the special assistance which may be necessary:—(a) To facilitate the conversion of works and factories now engaged upon war work to normal production; (b) To meet the exceptional demands for raw materials arising from the depletion of stocks. In explanation of the appointment of this committee, it is pointed out, however skilfully factories now engaged upon war-work may adjust themselves to changed circumstances, there will be, almost inevitably, some intervening period of unproductiveness. The cost of re-conversion will have to be faced, and greatly increased capital outlay will be needed owing to the rise in the cost of raw materials, higher wages rates, increased values of stocks in hand and stocks out on credit, and possibly the necessity of longer credit. The duty of the committee is to foresee difficulties of finance arising out of these, and many other origins, and to devise the necessary safeguards against them.

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The question arises, has not the time come when the Dominion Government should recognize the far-reaching character of the problems which the end of the war will bring in Canada and set up a special department, with possibly a Minister in charge for their study? What is wanted, we suggest, is a department which will serve, not so much in direction of efforts of preparation for after-war conditions, as the purpose of co-ordination of the several individual efforts which are now being made to solve Canada's after-war problems, utilising, in the English manner, the experience and judgment of our bankers, railway executives, manufacturers, agricultural leaders and other business men. Whatever high degree of prosperity Canada may continue to possess as a consequence of war-time activity, re-adjustment will be no easy task. Such matters as land settlement and credit, the rearrangement of our industrial machinery to new kinds of profitable production, new markets for that production, its financing and transportation, the provision of capital for new industrial enterprises and for public works, the prospects of new borrowings from abroad, and many other matters, call for the most careful prior consideration, in order that the Dominion may be adequately prepared for change. The Dominion Government should give the country a lead in this matter.