

ing the war, they were loyal to every call upon them and to-day stand ready to meet every obligation to their government.

Commodity Prices

Recently I read the following statement from the Cotton Publicity Committee: "The southern farmer has learned that his labor is worth more than four pounds of salt meat, a peck of meal and two or three yams every week—and perhaps a few clothes and a pair of shoes once a year. The southern boy and girl will not live on the farm any longer unless it offers more comforts. The southern people are done with shacks and cabins for homes and streaks of mud for roads. They want houses, well-paved roads, good schools and better opportunities for their children. The southern farmer is going to get a fair price for his labor. Cotton will never go back to starvation prices." Notwithstanding that statement I am reliably informed that the cotton growers are now demanding and waiting for a reduction in the cost of fertilizer; and so it goes.

Farm Products Buy More

A different attitude was shown by a prominent farmer in reference to road building. He said: "The farmer to-day can buy more roads with his products than he could a few years ago under former price conditions, and while the cost of road building has gone up, the price which the farmer receives for his products has registered a much higher advance, so that 100 lbs. of milk, or a bushel of grain, will buy more road to-day than it would in 1914."

Recently it was recommended by Lieut.-Governor Oglesby, of Illinois, that the government pocket the loss on wheat and pork and allow the farmer to go back to normal conditions. What did he mean by "normal conditions?" Does he intend to go back to conditions prior to the war, when thousands of men were leaving the farms because of unattractive and unsatisfactory labor conditions, or does he mean to allow the farm laborer a living wage, and if he allows that, will he be able to reduce the cost of living for the labor entering into manufacture and production of materials for road construction?

Labor Cost

When you consider that at least seventy-five per cent. of the cost of road construction, from the raw materials to the finished road, is labor, I do not see where we can expect much reduction in road building so long as the wages and the cost of living remain where they are. You can have roads at lower cost, but not without disturbing labor conditions.

Views of Eminent Economist

I desire to quote from a recent statement by a well-known authority, Irving Fisher, professor of Political Economy of Yale University. Mr. Fisher says:—

"At the present time there is a marked halt in production. Industry is slowing down. Unemployment of labor increases. Some industrial concerns are failing to earn profits, and others are suffering the dissipation of their accrued profits because even by shutting their plants down they cannot save certain of their expenses or any of their fixed charges. The government's revenues, dependent as they are upon the national income, may fall short at the very time we need them most. In brief, we are threatened with a widespread business depression and from peculiar causes, for the unsound conditions usually preceding a widespread business depression are absent."

No Case Exceptional

"The main reason why business is not going ahead better is that most people expect prices to drop. The merchant is selling, but not buying. The manufacturer holds up the purchase of his raw materials. People quote the disparity between present prices and those prevailing 'before the war,' and decide they will not buy much until present prices get to 'normal.' This general conviction that prices are sure to drop is putting a brake upon the entire machinery of production and distribution. Readjustment waits because we keep on waiting for it. We have waited in vain for over three

months. It is interesting to observe that many manufacturers think that prices must come down, including the price of labor, but they are ready to demonstrate to you that their own prices cannot come down, nor can they pay lower wages. Almost everything they buy somehow costs twice as much as before the war, and their labor is twice as dear. They cannot pay their labor less if labor is to meet the increased cost of living. Now, as a matter of fact, when we investigate almost any individual one of the so-called 'high prices' for industrial products, we are likely to find that individually it is not high; that is, it is not high relative to the rest. Our quarrel is with the general level of prices.

Prices on New Level

"The fundamental practical question confronting business men is whether the general level of prices is going to fall. In my opinion, it is not going to fall much, if at all. We are on a permanently higher price level and the sooner the business men of the country take this view and adjust themselves to it, the sooner they will save themselves and the nation from the misfortune which will come, if we persist in our present false hope.

"The general level of prices is dependent upon the volume and rapidity of turnover of the circulating medium in relation to the business to be transacted thereby. If the number of dollars circulated by cash and cheques doubles, while the amount of goods and service exchanged thereby remain constant, prices will about double.

"The great price changes in history have come about in just this manner. The 'price revolution' of the sixteenth century came upon Europe as a result of the great influx of gold and silver from the mines of the New World. Europe was flooded with new money. More centres were used than before in effecting exchanges, and prices became 'high.' People talked then of *temporary* 'inflation,' just as they talk of it now. But it was not temporary; it was a new price level.

Not Clever to Wait

"Business men should face the facts. To talk reverently of 1913-14 prices is to speak a dead language to-day. The buyers of the country, since the armistice, have made an unexampled attack upon prices through their waiting attitude, and yet price recessions have been insignificant. The reason is that we are on a new high price level, which will be found a stubborn reality. Business men are going to find out that the clever man is not the man who waits, but the one who finds out the new price facts, and acts accordingly."

The surest way to secure a readjustment of conditions, including prices, will be to start industry going and bring it to a normal business basis as quickly as possible. It is not fair to consider to-day's prices with those of the days when business men were failing because of the general unrest throughout the country which resulted in cut-throat competition, low wages and of course low cost of materials.

The value of a citizen to a community is not increased by forcing bankruptcy upon that citizen. Low prices of materials under such conditions become high prices, and that is just what will occur in this country if the federal, state and county governmental agencies do not establish confidence in the country by a go-ahead policy in public work. If you men representing the various states and municipalities do not go ahead with your work, you cannot expect private capital to do so, and if neither proceeds, the result will be serious not only to the road building industries, but the same spirit of "hold-back" will extend to all lines of industry.

The Cost of Delay

The cost of delay in proceeding with your road building programs is, in my estimation, more serious than the increased cost of construction. The joint committee on federal aid in the construction of post roads, sixty-third congress, reported after a careful investigation that the United States was paying annually a penalty in excessive cost of rural hauling of \$504,000,000. These figures have increased considerably because commerce to be transported over our roads, combined with the opening of new roads, far exceeds the im-