

PUBLIC OPINION AND PRICES

Antagonism Has Not Brought Them Down—Deflation Has Been One of the Real Factors

WIDESPREAD and emphatic as has been the popular antagonism to high prices, this has not been the real instrument in checking the rise and bringing about the gradual reduction now under way. Such was the contention advanced by Dr. T. S. Boggs, Professor of Economics, in the University of British Columbia, in an address in Vancouver, recently. The speaker traced the upward trend of commodity prices from the beginning of the war until six or eight months ago, and ascribed reasons for the recent evidences of decline. In this way he sought to explain the present uncertainty in the commercial world.

Three causes were assigned for the increase in prices which began in 1914. These were the destruction of wealth, the withdrawal from production for destructive purposes of millions of workers, and the increase in the supply of paper money and credit.

Statistical Evidence

Indicative of the inflation was that the thirty principal nations of the world had in 1914 seven and a quarter billions of paper money, while in 1919 this figure had grown to fifty billions. The gold reserve against this paper was 70 per cent. in 1914 and only 12 per cent. in 1919. Leaving aside Russia, the most extreme example of this inflation was Austria, which in 1914 had less than 500,000,000 of paper currency and now had ten billion. The gold reserve had shrunk from 55 per cent. to half of one per cent.

In the direction of issuing paper money, Canada, Great Britain and the United States had sinned less than other nations, but inflation had been obtained in these countries by extension of bank credits. He drew attention to the fact that this inflation had occurred at a time when production of wealth was below normal, making the situation doubly accentuated. "The peak of prices has passed," said Prof. Boggs, "but some commodities will continue to rise. The general tendency, however, will be downwards for some time to come." The reasons for this, he said, were that production was increasing rapidly and would soon be above pre-war levels, and that the hostility of consumers was increasing.

Have Gone on Strike

"Consumers have practically gone on strike," he said, "but I think the importance of this factor can be over-estimated. There has been such hostility from the first, manifested in demands for commerce boards, food control, maximum prices, restrictive legislation and other measures which have been attempted. In spite of these, however, the prices continued upward. The check did not come until the real controlling factor, deflation, was put into activity." This did not occur until six or eight months ago and was now general throughout all the three countries mentioned. Deflation was the controlling factor, he said, and must be carried through. It must be done intelligently and not too quickly; however, if a panic was to be avoided. Crises had occurred in the past with less reason than the world now had at its finger-tips. Cuba and Japan had already experienced such crises, but these could easily have been predicted because of the too sudden restriction of credit.

Deflation took eight years after the Napoleonic war and twelve years after the Civil War. Conditions to-day were on a larger scale, but fundamentally similar. With the restriction of credit and the consequent check on extravagance the individual business man became nervous and apprehensive and this spirit did not take long to spread throughout the community. With a falling market merchants and manufacturers were naturally nervous even though their fears were not always fulfilled. Such a period of depression must be experienced, as the deflation was a vital necessity, he asserted, but if carried out sanely and conservatively would not prove anything but beneficial in the long run.

SASKATCHEWAN MUNICIPALITIES HAD SUCCESSFUL YEAR

Bad Crops in 1919 Caused Decrease in Revenue, However—Expenditure Cut Down and Tax Arrears Increased

A REPORT of the Saskatchewan Department of Municipal Affairs for the year ended April 30, 1920, says in part:—

"Despite unsatisfactory crop returns over a considerable portion of the province, owing to unfavorable climatic conditions during the season of 1919, the municipalities of Saskatchewan have completed another successful year. The diminished returns received by the farmers in the western section of the province are reflected in a curtailment of expenditure on the part of the municipalities and an increase in the amount of unpaid taxes. In the older portions of the province, particularly in those sections where the crop results were up to the average, the financial standing of the municipalities continues to be extremely satisfactory. In seven rural municipalities, fifty-eight villages and five towns more than 90 per cent. of the taxes were collected in the year 1919; while in seventy-seven rural municipalities, one hundred and forty-two villages and sixteen towns the collections exceeded 75 per cent.

Higher Standard in Municipal Work

"The work of the municipalities is increasing both in volume and importance from year to year. Each year large sums of money are handled through the office of the secretary-treasurer and it is very essential that competent men be placed in charge of municipal offices and that the records and accounts of the municipality be carefully and efficiently audited. I am pleased to report that there is evidence of an increased sense of responsibility on the part of councillors in the matter of the appointment of their secretary-treasurers, and a fuller realization that qualified men can only be obtained by the payment of adequate salaries. The number of changes in secretary-treasurers during the year continues, however, to be large. This may be due in some measure to conditions resulting from the war. Too great emphasis cannot be placed upon the matter of the selection of the auditor for the municipality. The municipality is a business institution and the greatest care should be taken that only qualified auditors are chosen to audit its books and accounts. I am pleased to note a growing disposition on the part of the councils of the municipalities to employ the services of chartered accountants. In the year 1919 one hundred and fifty-three rural municipalities, ninety-three villages and thirty-eight towns were audited by chartered accountants.

"In the average rural municipality the largest item of municipal expenditure is that for roads and bridges. During the year 1919 the rural municipalities of the province expended the sum of \$2,535,320 in the construction and improvement of roads."

BEWARE OF BURGLARY "INSPECTORS"

A warning is issued by the president of the Burglary Underwriters' Association of Canada regarding persons claiming to be insurance inspectors. The notice states:—

"It has come to our knowledge that certain persons have been calling at residences, claiming to represent burglary insurance companies, and asking to inspect the premises, making enquiry particularly as to where jewellery, furs and other valuables are located.

"The public are advised under no circumstances to allow any person to inspect their property without first making absolutely sure that they are properly authorized and seeing their credentials, as it is thought that suspicious characters may be using this means to gain advance knowledge of premises they intend to burglarize."