

London Advertiser

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FRIDAY, JANUARY 11, 1924.

A Good Start.

Bryden Campbell is chairman of the board of education for 1924. He should make a good presiding officer.

He is also a good businessman, and his work takes him around enough to keep in touch with a good many people in the city. No man in public office loses anything by keeping in touch with the people.

Chairman Campbell, in his address, referred to the building program, especially for secondary education. The burning of the Central Collegiate is the place where the trouble started, as the new building is not nearly as large as the old. It is sufficiently large for the district it is supposed to serve, and was built with the idea of there being one central, one south and one east collegiate.

Consideration of these buildings must be given preference over any such plan as an auditorium or gymnasium for the Technical School.

Mr. Campbell is right also when he says the board of education and the city council should work together. The ratepayers have a right to expect this, in fact to insist on it. Both bodies are serving the same people, and spending the money of these people, and there is no reason at all why they should not at times sit in together in an effort to make every dollar spent do a dollar's worth of service.

It was also intimated in the chairman's inaugural talk that if there were no increase in some classes of the public schools it might be possible to make readjustments that would save money. If this situation exists it is the plain duty of the board to proceed with the adjustments.

As far as co-operation with the department at Toronto is concerned, this is necessary by law and precedent. There is a growing feeling in many cities, though, that it is time the department at Toronto caught the viewpoint of some of the various boards of education.

The London Board of Education has a real situation to handle this year. The ratepayers did well in the selection at the first of the year. They have every reason to expect a fearless distribution and accounting of the funds entrusted to their care.

Making Appointments.

The London Free Press charges R. L. Brackin, of Kent, with lamenting before London Liberals that there was no patronage to hand around.

On the same page is an editorial speaking of the appointment of a Conservative, Albert M. Judd, as the crown attorney for the Conservative government at Toronto.

Mr. Judd will do the work well, but the fact remains that he would never have been noticed had he not been a Conservative.

There's a Difference.

An Austrian baron is washing dishes and doing other work to pay his way through an American college.

His pictures have appeared in print, showing him at work and the place where he used to live.

Interesting, no doubt, but there are thousands of boys who have worked their way through college, and they were never photographed.

The glory and dignity of a bit of hard work seems to depend on who is doing it.

A String of Pearls.

The London Daily Herald, the Labor organ, described a duchess and other titled women who were singing on the streets in aid of a Dockland Settlement. The Herald states that they wanted to show sympathy, the "duchess" string of pearls and ermine wraps would have been, not round her neck, but among the contributions, if she really felt deeply the sufferings of those whose toil keeps her and the other rich masqueraders in ease and luxury.

There is no denying the apparent and painful discrepancies between the position of the duchess and the poor people of London, but there is a point in connection with the possession of that string of pearls that should not be overlooked.

When those pearls were bought, or when anything else she possessed was purchased, it was represented labor. The pearls had been secured by labor, prepared and mounted by labor, shipped and sold by labor. In the place where they were sold there would be a lighting system, perhaps a heating plant; all those things mean labor. The woman who bought the pearls unconsciously helped to

pay a number of people who had had something to do with the pearls prior to their coming to her possession.

Money put into circulation in a way that it touches useful labor is one of the sure ways to assist employment.

Judged By Its Enemies.

Mr. Bok's peace prize—at least half of it—has been awarded. The suggestion offered is fairly logical, although rather "American" in its outlook.

It would have United States recognize the League of Nations with certain very definite reservations. It seems that it would go in on a different basis to any other nation. It smacks of touching European matters with a ten-foot pole.

But the plan has its strong points, and evidence of this comes from the opposition it has aroused from the enemies of the League of Nations.

If the plan were a joke they could laugh and forget it, and if it were a dud there would be no need of getting hot under the collar about it.

The winner of \$50,000 has advocated co-operation through the means already provided for such a thing. Simple, you say? Perhaps so, but it seems to be acting like the hives on some of the league haters in United States.

Too Many Bullets.

Mabel Normand, moving picture star, pleads for a square deal. The reason is that she is threatened with being banned from having her pictures shown in the theatres.

She has been more or less mixed up in two shooting escapades, one of which was fatal and the other nearly so.

Mabel Normand is putting up quite a scrap or a plea for the square deal. She is trying to hang on to the favor of people who have the good sense to drop off when the pace gets too fast or the shootings 'too close together.

It may be that she is innocent, but if so, she has been peculiarly unfortunate in the selection of the spots in which to spend her spare time, as well as the people she has around her.

At any rate she does not make a very pathetic figure posing as a martyr.

Starving the Soul.

A church magazine makes a survey of salaries paid to Congregational ministers in United States.

Twenty-three per cent received less than \$1,000 per year, and 28 per cent less than \$1,500.

The journal making the survey adds that from \$600 to \$800 constitutes the average salary of the country and small town minister in other fields.

One minister says he was driven from his pulpit "because I could no longer endure the degrading experience of looking down from my \$600 pulpit into the faces of people to whom I was forced to owe money."

Even with the readjustments that have been made in ministers' salaries in recent years there is nothing to justify the idle remark often carelessly made about going into the ministry for money.

U. S. and Mexico.

It is easy enough to condemn the U. S. government for allowing arms to be exported to the Oregon government in Mexico.

Washington recognized this government some time ago as being the best chance to restore order in that land.

When a revolution starts in Mexico the U. S. government can let the situation alone, or it can justify its former move by giving assistance to the Oregon government.

It is unfortunate that such assistance has to take the form of arms and munitions.

The rebels are using these tools, so there is no choice in the matter.

Note and Comment.

A Hamilton paper was asked to give an outline of how to put a permanent wave in hair, and the bald-headed editor told the inquirer to consult any of the beauty parlors.

Life insurance figures show \$8,000,000,000 as the total new business in United States this year. Signing on the dotted line is becoming the national habit of the Americans.

The city officials in Hamilton have organized an orchestra. When the taxpayers file in to drop their offerings, said orchestra, sitting behind a palm tree, will play "Bringing in the Sheaves."

Western Ontario lost a familiar figure in the weekly journalism field in the passing of Thomas Harris, for many years publisher of the Watford Guide-Advocate. He turned out a paper that reflected well the doings of his own community. Mr. Harris had high ideals of what a weekly paper should be, and he lived up to them.

CAN EUROPE HOLD TOGETHER?

Chapter IV.: "Inflation and Deflation Twin Brothers in Crime."

This series of articles is a simple but accurate explanation of world conditions, from the point of view of a distinguished specialist. These articles are the result of his most recent tour of Europe, made especially for securing the data—a trip on which he visited thirteen countries, talked with the premiers of half of them and the finance ministers of twelve, and in field observations secured a mass of facts. Mr. Sinclair says finance and economics can be told so simply a child can grasp them. His articles prove his claim.

By JOHN F. SINCLAIR.

Dr. Adolph Helffer is one of the great physicians of Vienna. He was born in America. His family lived in St. Louis. In 1912 his father died and left him \$50,000, which was sent to him in Vienna. He was a careful, prudent man. He deposited the \$50,000 in a savings bank in Vienna and received three per cent interest annually. I met Dr. Helffer in Vienna a few weeks ago. He had not taken a dollar, either principal or interest, from the original fund. He was hoping for an old age free of worry. Then we figured up what his \$50,000 was worth in the summer of 1923. It came to exactly \$315. The money has quietly slipped away—disappeared—and Dr. Helffer found himself holding an empty sack. That is what inflation does.

Mr. Jonas Leid is president of the North Germania Fire Insurance Company of Berlin. I called on him in the summer of 1923 to find out why the German insurance companies were not getting along well. He had been thirty years in business. He took me to the window of his office. "Do you see that business block over there?" he said. "In 1913 our company placed a loan of 100,000 marks on that building, payable in ten years at six per cent annual interest. At that time the building and grounds were worth \$1,200,000. We thought it a choice loan. A few days ago the loan was paid off. Our \$600,000 had shrunk to just \$12. Perhaps that will help you see the difficulties we are working under."

It was just another tombstone among the millions now in the graveyard of inflation.

How Inflation Comes.

Inflation in a nation is caused when government credit comes from any other source than from the savings of the investor. So a rise of prices during a war is caused by the demands of the government and the increased supply of credit or currency. Inflation results from a lowering of the value of money. If goods to the volume of money in circulation increases more rapidly than the volume of goods produced, prices are bound to rise. This has always been true and it has been known for hundreds of years.

In the preceding article we saw how inflation debauched the currency and broke the machinery for international trade. While inflation always means higher prices it also means lower real wages. This lag of wages behind prices makes profit-making possible. When profits are made at the expense of wages it means that the laborer bears the brunt of the war, and the war profiteer clinches his gains by investing them in war loans, preferably tax exempt securities. The real contribution made by the workers of a nation in a war does not show itself primarily in the amount of liberty loans which they purchase but in the amount by which wages lag behind prices. The burden of a modern war is borne by a class least able to bear it. Income is shifted from the hard-working, shifty wage

owner to the careless profiteer. Inflation is "an unrecognized form of taxation" which falls upon those with fixed incomes from labor and investment. It is an income tax on the salaried class, and a capital levy on the bond owner and the savings bank depositor. And while inflation does increase prices and stimulate production and reduce consumption by cutting real wages, it is not a deliberate theft—for it cold-bloodedly takes the earnings and wealth from one class and gives it over to the debt-owing class.

Calls It Financial Opium.

This financial opium, given to a weary and disillusioned people, can only mean that nation's debauch and destruction. It can have no place in any well ordered society, either in peace or in war. It is the very antithesis of national wealth. It is the cruel and terrible messenger of social death. Modern society must destroy inflation, or inflation will destroy modern society.

What has been said about inflation applies with equal force to deflation. It results in taking property from the debtor class and putting it in the pocket of the creditor class. It is just the reverse of inflation. After disease has destroyed the right arm, it is of no use to demand that the left arm be also cut off. That is exactly what the policy of deflation means. When the increase in the volume of goods becomes greater than the increase of money, prices decrease, depression sets in, unemployment grows, and deflation results. Income withers. With less money to purchase goods with and more goods to sell, prices become cheap and money dear. In particular after a great war, deflation favors the creditors of the state, those to whom the state is owing money on bonds at the expense of the taxpayer.

If the French government borrowed 10 billions of dollars on a five per cent basis, when the French franc is worth one-quarter of what it will be when the franc is deflated, or brought back to par, it is very clear that the owners of these government bonds will be repaid more than they lent to the government. In terms of goods, and the taxpayer, the debtor in this case, will pay more to the government than he should in terms of goods.

Civilization Must Choose.

The money income of individuals falls under deflation, while the amount which the creditor of the state receives remains the same. It is seen therefore that the policy of deflation is as ruinous and as dangerous to a nation as that of its vicious counterpart inflation. Both must make the supreme choice, either to throw into the discard these twin brothers of social crime, inflation and deflation, or face the inevitable breakdown of modern industrial life as we now understand it.

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WHAT OF FARMERS COSTS?

FARMERS in various portions of Ontario have for some years been keeping very complete cost records. There are sections in Oxford, Middlesex, Peel, Wellington and other counties where farmers have made rapid advances in their work. True, the final work of summing up all the year's work and placing all the labor charges in their proper places is still done at the farm accounting department at the O. A. C., yet there are thousands of farmers in Ontario now who can tell you what the cost of their year's work has been. They can go over their fields of wheat, oats, hay, turnips, mixed grain, and tell what it cost to produce them, how much it was worth per bushel or per acre. They can take their hogs or cattle or sheep in the same way. Also they can show records of milk production on a very scientific scale, and they know quite accurately what these things have cost.

Now, all this is very excellent, but it is not enough.

Take the case of a manufacturer making an article. A sewing machine is something used in every home, so let us take a sewing machine. The man who makes it knows his costs, material, labor, taxes, power, investment, overhead, distribution, and so on. On the basis of all these he adds his profit and names his selling price. It is not contended for a minute that he can eliminate the element of chance, for he meets it all the time, but he can at least know his cost and name his price. On the basis of his known figures he takes his produce to the market. There is no chance of his coming to London, if he did such a thing, and hearing the buyers say "The price we are paying for a sewing machine today is \$25."

The farmers in several parts of Ontario have studied their cost statistics, and they have the satisfaction of knowing whether they are winning or losing.

They must take the next step in order to justify the first.

In other words, what is the use of their keeping cost sheets if they are not able to go ahead and sell on the basis of their known costs?

THAT LOAD OF OATS.

SUPPOSE, for the sake of argument, a farmer from Middlesex who had kept a very careful record of his costs were to drive to the market in London with a load of oats. He would produce his figures

and say, "I have a well-kept table here that shows me that by the time I fertilized and worked the land, bought the seed, kept out the wild oats, the mustard and thistles, cut it and bound it, and had it threshed, it cost me 60 cents per bushel, and I must have at least that much if I am going to break even on my oats."

The buyer on the market might look impressed, although there is the chance that he would also look amused at this new turn in events.

But in the long run he would name the price for oats at 48 or 49 cents. The farmer could argue if he wished, he could back up his figures in a way that could not be doubted, and it might make excellent material for a debating club. But in the end what would happen?

Simply this. The buyer would say in effect, if not in so many words: "That's all very well, Mr. Farmer. I can't for the life of me show you where you are wrong in your figures, and I guess they are just as you state them. But, you know, they mean very little to me. I am here to buy oats at the market price—that is all I go by. I don't know who made it, or where it was made, but all I know is that I will offer you 48 cents a bushel for your oats, and if you don't want to take that you can go back home with your load, because I can get all I want at 48 cents."

And the farmer would have to put his records back in his pocket and take the 48-cent price, knowing that it cost him 60 cents to grow the oats—or else take the load back home. If he went off to any other market he would meet the same unbending conditions. He would find the market price had been named without regard to the figures he had been keeping all year.

LIKEWISE IN PORK. NOT more than four weeks ago a farmer who ships sometimes at Komoka and sometimes at Ailsa Craig told of his experience. He had a good showing of pork. He found that he had to sell to get money. He took his pigs to the railway station, shipped them. The price he received was lower than he had anticipated, because there was a full market on the day his stock got there. Had he taken the train to Toronto he could have carried his documents along with him showing exactly what he had paid for feed and labor on those hogs. He would have named a price for selling based on his known costs,

and it would have been above what "the market" said could be paid on that day. He might have argued the point with the buyer there. As far as the discussion would go he would have had the best of it. And when it was all over he would have been told, "That's all very well, mister. We admit what you say is true. But the market price for your hogs today is so-and-so, and you can take it or leave it."

The farmer need not look to outside influences or agencies to help him out. "Markets" are out to buy his produce just as cheaply as they can, because the lower they can buy the more they can make on the transaction.

The only agency that is going to help the farmer out of this selling below cost is the farmer himself, and he cannot do it on his own hook.

To him co-operative selling may be a vague term, that has not worked out as well as he had hoped for when he tried it some time or other. There is no other way out. It may be argued that the machinery necessary to retain control of farm produce in order to sell at a profit is not in existence, and that it would be a hard thing to bring about. There are plenty of objections to be made, and many of them are stubborn. But make them all, and the farmers will be still where they are today, selling for what is offered instead of selling their goods at a profit, as they must do if their business is going to occupy the place it is entitled to.

To the Editor

The Forester's Case.

Member of Dozen Years' Standing Shows What Has Been Done To Protect the Older Members.

Sir,—Yesterday I read with interest a letter published in your correspondence column dealing with the rates of contribution in fraternal societies. The writer, if I remember rightly (I have not the letter before me as I write), complained of the misfortune of the older members of these societies who in many cases are finding the new rates a great burden, to say the least, and in many cases cannot obtain insurance elsewhere at the present time. These older members certainly deserve every consideration for it is largely due to their efforts in the past that there is any society in existence at all at the present time. I do not know what the situation is as between the older and younger members in any other society, but I do know, however, that in one of the societies mentioned in the said letter, the older members are receiving every consideration. I refer to the Canadian Order of Foresters.

Your correspondent mentioned the C. O. F. and the Chosen Friends, I believe, as being societies whose rates have recently gone up, and at another point in his letter he spoke of a member of a fraternal society having had his rates raised to seven dollars per month. Today I was told that a certain member of the C. O. F. now had to pay \$7 per month for one thousand dollars' insurance—"It was having read in yesterday's Advertiser," he said. "I know there is no such statement made, and I also happen to know that if such a statement had been made it would not have been true, as the oldest member of the C. O. F. only pays \$4 per month per thousand dollars' insurance. Of course, he pays lodge dues in addition to this, but for this extra fee he receives more or less the same benefits as if he joined a club, and he may also, if he wishes, have sickness and accident benefits at a slightly-increased premium."

I know that some of the agents of the old-line life insurance companies are endeavoring to turn the increase in the C. O. F. rates to advantage, and I do not blame them, for it is their business to get business where they can, and I have no doubt they

are doing it in good faith in most cases. The argument they use, however, in many cases, is absolutely without foundation. They point to other fraternal societies which in the past have made several increases in their rates, the first increases having been mere guesswork in an effort to stave off the day of reckoning, with the result that these societies which adopted such methods got themselves into such a condition that they finally had to charge very excessive premiums to place their insurance on a permanent reserve basis. They state, or at least leave it to be supposed that this will be the case with the C. O. F.—that the rates will again be increased, perhaps several times. The C. O. F., however, is now on a reserve basis, much the same as the companies these agents represent, and if the C. O. F. rates are not now guaranteed rates, then neither are the rates of the old line companies, and the agents who adopt such arguments are either ignorant of the real situation of the C. O. F., or ill advised, for they

are knocking their own companies and all life insurance, even though they may not realize it.

The readjustment committee, appointed by the late Ontario government, to fix the C. O. F. rates, consisted of an accountant, a barrister, and an actuary, all foremost in their profession, so that the new rates ought to be sound from every angle. Professor Mackenzie of the University of Toronto, the actuary of the committee, is engaged in teaching actuarial science to our budding actuaries, and his work is so well thought of that the graduates of the University of Toronto in actuarial science are in such demand among American insurance companies that it is very rare indeed that one can be secured for a Canadian company, and they are able to command better salaries than the graduates of the American colleges. The members of the C. O. F. may safely rely on the rates vouched for by Mr. Mackenzie, and these rates are lower than they can secure anywhere else, I believe.

know in my own case (I have been a member of the order for some dozen years), they are lower even than the government rates for returned soldiers' insurance, some of which I carry also, and which is issued at net rates. These lower rates for members of the C. O. F. were made possible by apportioning the existing funds (some seven million dollars) among the members in an equitable manner, with due consideration for the older members especially.

I trust that the above may be of some general interest, and thank you for space to make these statements.

FORESTER.

London, Jan. 9.

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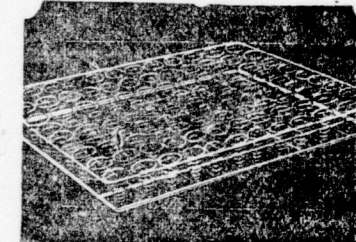
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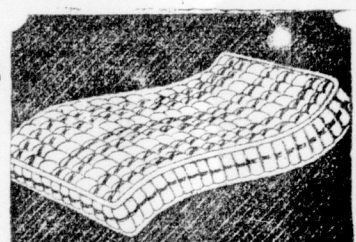
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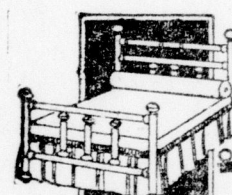
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