

OUR LONDON LETTER

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The Cost of Living—The publication by the British Board of Trade of a report of nearly 400 pages dealing with the cost of living among the working classes, gives me an opportunity to refer to the endeavours that have been made so many times to find an international standard for this kind of work. Even in a single country the comparison of prices this year with those of last year is not always of perfect utility, because the habits of people change. To-day in the United Kingdom, we still publish with painstaking diligence, reports on the prices of articles of food that have ceased to occupy the important position they once held in the working class dietary, while at the same time no notice whatever is taken of the use of the articles that have fallen into their places. Fish, for instance. Of late years there has been a really marvellous spread in the consumption of fish, due to improved and quicker trawling and special arrangements by the railways. Consequently the consumption of fresh fish has grown tremendously; but no notice is taken of it by the official returns, nor do they register the prices of salted fish, of which perhaps equally great quantities are consumed by the workers. Then there is butter. The price has gone up, but the consumers have not paid it, simply because they have turned to the use of margarine, which is said to be just as nutritious. Yet there is no mention of margarine in the returns. Vast supplies of jams and marmalade as well as of bananas and other fruit are sold to-day, but these also are absent from the figures. The list could be prolonged indefinitely. It is the same with non-food articles of necessity. Clothing is a conspicuous example; for the changes made in the style of woman's dress in particular enable them to be clothed better than formerly and for less money. Unless the lists of articles, therefore, are constantly revised, they lose touch with reality. To some extent they are useful as indications, of course, but they cannot be exactly correct as long as they remain incomplete.

To some extent, also, what I have said affects the comparisons made between the cost of living in one country and another, based as they are and must be, on certain selected items. The figures serve to exhibit the general trend of prices, but they do not take into account the varying habits and standards of living. Englishmen swear by beef; on the continent they swear by veal. Englishmen eat rabbits (which, by the way, is another illustration of the exclusions I have spoken about), while Germans regard rabbits as vermin. The latest report affords some proof indirect of what I have said, because the result of enquiries in respect to the United States and Canada is almost identical. The two countries are not altogether distinct in habits and standards, and moreover, their statistics are compiled on very much the same lines. But even in these cases it will be necessary to keep in touch with constantly moving tendencies if such statistics are to speak with a wholly true voice always. It may be added that the statistics collected by the Board of Trade show that since 1900, when the index number was taken as 100, the rise in the cost of living is represented in 1912 by a lower figure in the United Kingdom and France (115) than anywhere else. It is highest in Canada (151) and the United States (150). In Australia it is 116, which was the figure for New Zealand in the last recorded year. I may add that the United States figure for 1912 is not in the report; it was published in a later report issued this week. Bearing in mind that "the basis of the statistics in different countries varies considerably," as the Report says; and bearing in mind also the unfortunately stereotyped nature of the basis everywhere, yet one may form a fairly correct idea of the trend of modern times. It would be a blessing to the world however, if something like uniform an up-to-date bases were used everywhere.

Unemployment—There was a section of the insurance Act that escaped the bitter partisan attacks that were made upon the measure in general, and that we still continue to hear. This was the provision made for insurance against unemployment in some half-dozen of the biggest industries—building, works of construction, engineering and construction of vehicles, iron founding and saw milling. In these trades employer and workman pay 2½d. a week each into a fund to which the Government adds one-sixth. During unemployment payment is made to the workman at the rate of nearly two dollars a week, possibly because the other provisions of the Insurance Act drew the lightning, this business like arrangement began its work quietly and smoothly and now it is reported that of the first year's income there remains on hand no less a sum than eight million dollars which stands invested against a rainy day. During the year there has of course been less unemployment than in any period since 1874, with perhaps one or two exceptions. The contributions to the fund have therefore found it easy to provide the money and, on the other hand, there has been very little drain upon the accumulations. In this matter of unemployment insurance, Great Britain is the pioneer, and her experience will be watched with keen interest all over the world. The real test of such a scheme comes at a time of industrial decline, when more and more workmen will make demands on the funds; and it should be remembered that there is nothing in this system beyond the palliative provisions I have indicated. Upon its working, however, there may be founded schemes of prevention, because we are all the time acquiring a store of information and experience that will surely indicate the direction the next step must take. Meantime, the ten million dollars or so that the Road Board has accumulated with the object of putting work in hand at a time of greater unemployment than the present should be added to the unemployment funds of the Insurance Act in order to measure what will be achieved in the prevention of destitution at a time of trade decline. This, in its turn, is a point to be watched by emigration agencies, for it is well known that unemployment always leads a large number of men to turn their thoughts to emigration, just as at a time of good trade, those who have made up their minds to emigrate can save the money to do so. So many things are happening here that will make it harder as time goes on to maintain the transfer of population from this country to the Dominions overseas.

European Commercial Outlook—News of the cyclone in Canada and of the drought in the Middle States of America is just coming in. You will have been able to measure the extent and influence of these events; but I have thought it well for the purposes of comparison to give a brief outline of the state of affairs in Europe. The main distributing elements here are the uncertainty in China and the disturbance of the Near East. These things are checking trade in many directions, but they have principally affected the textile industries where there is now found to be a falling-off in orders. On the whole, however, though there is perhaps some sign of slackening in the intensity which has marked British commerce for the last three years, there is no existing general indication of a trade decline. In France, which is much less affected by outside events, trade continues quite satisfactory. In Germany the home trade appears to be on the down grade, and though the difficulties of the export trade have not disappeared, there is no falling off there. Austria-Hungary naturally finds her trade depressed by the war in which her neighbours and customers have been engaged for so long. There, is moreover, little prospect of the payment of old debts due from customers in the Balkan States to manufacturers in Austria being made for some time. The crop prospects in Russia are at the moment favourable and business is generally good. There is no change in the outlook of Belgium, Holland, Scandinavia and other