

saved and re-invested here. It is these savings made by commercial businesses that have enabled the Trade to give tangible security to the Banks for the very large amount of money that has been borrowed, and is being largely borrowed to-day for the purpose of providing the food and necessaries of life, the schooners and fishing gear, the supplies of all sorts, the new vessels without which the Dominion's plight would have been a desperate one, the very large amounts of prepaid freight and insurance, and all the other enormously increased activities and expenses necessitated by the War.

It is mainly the commercial savings, which have universally been put to work again here, that have enabled the population of this Island to meet the changed conditions, to pursue their avocations, and generally to weather industrially and without any special burdens, the unprecedented conditions which have confronted them.

In passing let me refer very briefly to the subject of wages. A difficult subject to treat of and the details of which I will not presume to discuss. It is obviously the interest of the Community to see wages high, as high as possible, always provided they do not go beyond the limit set by the natural laws of general economic well being. It is obviously a case for progressive moderation. Wages should be as high as possible consistent with the ability of the general output of the country to stand them without undue strain. Possibilities regarding wages are therefore a matter of output. It is often difficult to estimate how high wages may safely go at any particular time. They should not be so high that legitimate returns on Capital after paying taxation, are insufficient to justify enterprise and investment, or to provide suf-

ficient savings for the maintenance, replacement and extension of plant and for stimulating industrial activity. They must not be so high that the produce of a country cannot be handled at a profit. If they are suddenly forced up to levels which prevent this, the entire community soon begins to feel the effects, and the heaviest sufferers will be the wage earners themselves. Advances in wages generally follow naturally the advances in prices of commodities. As a rule they lag somewhat, but not very far, behind them, one reason being that it is generally uncertain at first whether any advance in general prices is likely to last, or whether it is purely temporary. On the other side when commodities fall wages do not generally fall in proportion to the fall in the level of general prices, if indeed they fall at all. No one will I imagine ever want to see them fall if it is possible to avoid it.

In the near future there is certain to be a reduction in the level of general prices, and the reduction is likely to be continuous,—perhaps for some years. Even if wages remain unchanged in nominal money value during this fall in prices, it is evident that they will be actually advancing while the fall is in progress. They will be actually advancing because the same wages will exchange for more goods of all kinds, and it is what wages will exchange for, and not the nominal amount of the wages themselves, that matters.

No one will question the imperative necessity that wages as a first principle should be at least sufficiently high to enable a man to live in decency and comfort and to support his family, and, beyond that, they should be as high as a Community can afford without injuring industry generally.

I merely touch on these general