

all concerned with that production, which means the accumulation of money, to face their responsibilities. Thus no excuse need be made by us for insisting time and again upon the necessity for thought and action in the maintenance of our national income. The strategic skill and resource of our generals and their staff, the valor and self-denying courage of our troops, and the continuous and untiring effort of munition-producers, all combined, may not serve to achieve a victory without lasting disadvantage from the Imperial standpoint. More is necessary. We must keep our exchequer fully supplied now and in the future. We have at present the co-operation of the industrial resources of neutral nations in helping to augment war supplies. It is necessary that we should now export productions rather than gold to pay for such purchases. Consequently the maintenance, if not the increase, of the output of disposable manufactures now is a vital duty. To increase them in the future is equally important, in order that the war shall not involve a permanent injury to our financial and commercial stability.

The advance in the price of commodities, involving war bonuses, as it has rightly or otherwise done, is economically unsound. The cost of production has as a result been augmented, because, in the great majority of cases, the increase in wage is not counterbalanced by greater output. Goods for home and foreign use are made dearer. Thus the cost of living tends to rise still more, while at the same time it becomes more and more difficult to add to the volume of our export trade. Only by this latter means can our financial condition be made satisfactory. We do not propose to enter here into the somewhat abstruse question of the influence of paper currency on the value of gold, or into the effect on foreign exchanges of the accumulation of gold in neutral countries, due to payments by belligerent countries for war supplies. It will be recognized, however, that, in effect, adverse rates of foreign exchange must influence adversely the cost of food supplies brought to this country. This is another reason why the aim must be, as far as possible, to pay for our raw material and food supplies—and, in as great a measure as is feasible, also for our war material—by exporting manufactures.

This can only be done by a full recognition on the part of the employer and worker of their national duty to ensure economic equilibrium between the exports and imports. The latter may be decreased by stringent economy in consumption, with the further advantage that savings may be invested for personal gain and national weal. The exports may be increased by greater and more efficient manufacture. The difficulty in achieving the latter is intensified by the great number of workers withdrawn from their ordinary avocations for military service either in the trenches or in munition factories. It is difficult to compute the number of these, but Professor W. R. Scott, the occupant of the Chair of Political Economy in Glasgow University, in the inaugural lecture of the session, computed that the number for Europe was 25,000,000. We do not think that this is by any means an excessive estimate; it is probable that in this country alone there are 10,000,000 workers who have ceased to contribute by labor towards national income. We have seen it stated, and many hold the view, that, as the money paid for war work is put into circulation, the expenditure is not lost. There can be no greater fallacy. As the production resulting from the expenditure of this money is non-reproductive, it does not add permanently to the nation's wealth. The money spent in producing a time-fuse, which is fired away with a shell in the European war, cannot, by any trick of the imagination, be regarded as comparable with the money given to the same workers for producing a sewing machine or similar piece of mechanism, capable of augmenting wealth. While we cannot avoid the task thrust upon us of wasting money on shot and shell to be fired away in the four corners of the Continent, we must, at the same time, try to counter-balance the account by maintaining, as far as possible, our output of wealth-producing manufactures for home as well as, and particularly, for export.

There are but two ways of increasing the production of marketable goods at the present juncture: by the fullest possible utilization of all mechanical appliances available, and by the utilization of all physical effort that the nation can mobilize. Lord Derby's scheme of recruiting must in its result reduce the number of young men who might be more effectively employed industrially than at present. It will, as a consequence, be necessary to draw into the net for the output of manufactures a still larger volume of female labor. Indeed, the question must soon arise as to whether some Government department, either existent or to be created, should not tackle the problem of maintaining our export trade in order to rectify the economic difficulty which threatens us. We are glad to note that the Home Office has this week appointed a committee in connection with female labor on commercial work. We need one also for utilizing the remaining female labor for augmenting manufactures to adjust the economic situation. This phase of the conflict is apt to be lost sight of, because industrial economics is not sufficiently considered in our commercial life. As a science it is ignored. This

is not the time to enforce the advantage, for all employers as well as workers, of becoming familiar with economic principles and their application; but we hope that one of the changes which will come as a consequence of the intensity of life resulting from the war will be a fuller recognition of the need for a study of industrial economics. Professor Scott, in his lecture, not only established a strong case for such recognition, but illustrated the advantages by his admirably informing survey of the influence of economics, not only on modern warfare, but on post-bellum conditions. He defined economic science as "the explanation of the phenomena of the economic life of a country," and this surely involves the whole industrial fabric of a nation. The phenomena have become much more important owing to the war, and the ravages already disclosing themselves, so that it is well that we should at once tackle the problems which must arise sooner rather than later.

The post-bellum conditions will raise new problems. There will be the question of the re-distribution of labor at home. Uncertainties prevail regarding the markets for our exportable productions. As Professor Scott pointed out, certain goods and certain kinds of skilled labor bear at the present time a "scarcity value," and there have been indications that the sellers, both of goods and labor, have endeavored to obtain a "scarcity price"—in some cases even a monopoly price. If the scarcity ceases, prices alike for material and labor will fall, and there will come a corresponding readjustment of real wages, which will be to the advantage of the unskilled worker. But to what extent this will operate is uncertain. What must be aimed at, not only now, but in the future, is economy in life in consumption of all classes or goods which can be exported, associated with the highest productive efficiency in labor. This does not necessarily mean the cheapening of labor, but rather the ensurance of the highest degree of productivity for a given expenditure, both of labor and of the mechanical appliances utilized by labor.

During the war, too, the immense governmental interference with the conditions accepted, and more or less service-emergency measures taken, in peace time. The State controls the internal transit trade of the country; State insurance schemes have far-reaching effect upon seaborne commerce; a very considerable number of armament and engineering works are also controlled—the number now exceeds 1,000; the accepting houses and banks and the Stock Exchange have been supported by the public credit; and foreign trade is regulated to an extent that reminds one of the measures of the mercantilists. The Government, too, have purchased commodities, such as sugar, for re-sale, and have taken steps to regulate prices in the coal market. The Government have been careful in all their agreements to stipulate that the observations and restrictions imposed, owing to abnormal conditions, will not be continued after the war. Everyone realizes that the nation is living in what Professor Scott terms "an interim industrial life." And yet there is uncertainty as to when and to what extent we shall return to normal conditions. Although State regulation of industry may succeed under the abnormalities of war time, it does not follow that it will confer corresponding advantage when the unexpected conditions due to war cease to prevail. From the economic point of view, as he pointed out, war is a colossal waste, and a part of that waste, which may be necessary for military reasons, is the limitation and restriction of individual initiative. The war is being fought in the interests of national freedom and for the maintenance of free institutions. Our whole history establishes these to be consistent with, and a source of strength to, our national life. Yet the same spirit which commends representative democratic government is manifested in the growth of individualism in commerce, which is most conducive to the stimulation of the power of initiative in industry. Thus, while the war may lead us into new avenues of progress, there is every probability that the changes made may not be so much in basal principles as in a fuller realization of the fact that the economic soundness of a nation, at peace as well as at war, can only be founded on prudent economy, in order to limit the outflow of gold to foreign countries, and on the subordination of all effort to the utilization to the fullest extent of our mental, physical, and mechanical resources.

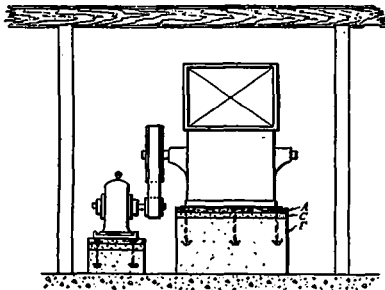


Fig. 7

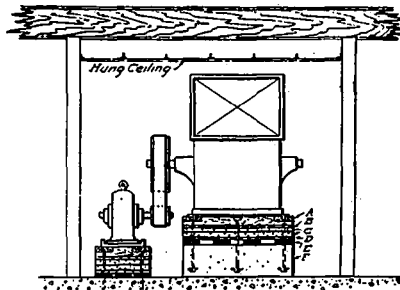


Fig. 8

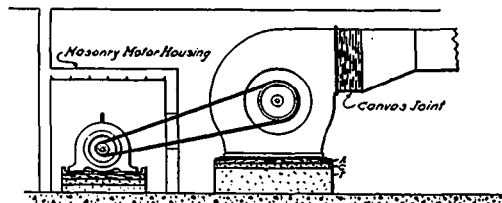


Fig. 9

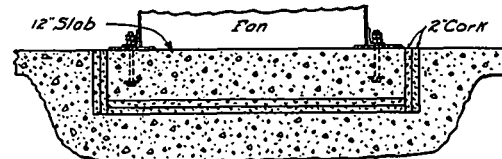


Fig. 10

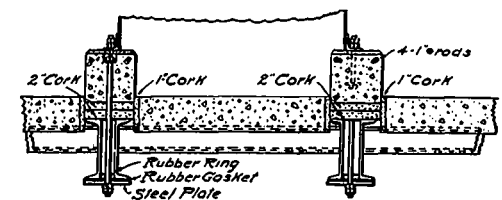


Fig. 11

NEW OFFICE BUILDING FOR CALGARY.

A handsome new office building will soon be erected in Calgary at the corner of Fourth street west and Ninth avenue, for the Robin Hood Mills, Ltd. The building, which was designed by W. S. Bates, A.R.I.E.A., will be two stories in height, built of reinforced concrete, faced with tapestry brick and artificial stone trimmings. The contractors are Fraser & Bennett, a local firm. An interesting feature of the new building is an experimental bake shop, which will be located on the first floor, for the purpose of testing all flour from day to day.