

sion on which a flag is displayed, this Red Ensign will be found more frequently than any other flag. All who desire to use a flag, and all who like to see the National flag shown, should take the trouble to note that this use of the Red Ensign on land is quite incorrect. The nearly similar Red Ensign, without the Dominion Arms, is the authorized flag of the British Merchant Marine. It is a sea flag, and cannot with propriety be flown on land. The same class of flag, with the Dominion Arms in the fly, is authorized as that of the Canadian Merchant Marine, that is, of British vessels registered in Canada. It too is a sea flag only, and it cannot be properly flown on land. Wherever that flag is flown on the staff of one of our buildings, or in one of our public places, its use is distinctly improper.

Many flag dealers, apparently, not understanding the flag question, have assumed that this red flag is the National flag of Canada, and have stocked up with it. They should be made to understand the mistake and to avoid the repetition of it. The only flag that can properly be flown on Canadian soil as the National flag of Canada is the Union Jack. The Red Ensign is the correct flag for a Canadian merchant ship, and it may be used with other flags for decorative purposes anywhere in Canada. But it should never be seen on the staff on land in Canada. Only the Union Jack is entitled to that honor.

If flags are to be used at all, it is surely worth while making a correct use of them.

### The Evils of Economy!

"DON'T ECONOMIZE" is a strange piece of advice to find in the columns of a serious banking publication. There are quarters from which such counsel might be expected, but one is surprised to receive it from such a journal as "The American Banker" of New York. "Avoid waste—don't economize" is the heading of one of its recent articles. As to the waste, there will be no question, but "don't economize" is a different kind of advice. The argument of the journal is simple. Production and trade are the basis of National existence. If what is produced cannot be put on the market and sold at a profit to the producer, prosperity is destroyed. When Congress declared war there was a widely prevalent opinion that there should be a slowing down of business. It is against this that the "Banker" protests. Advising that the American people follow rather the example of England where, we are told, "business as usual" has been the slogan, the "Banker" continues:

"Economy? This idea is a piece of insanity. The United States does not want economy, but business as usual. Nothing happened yesterday to justify or excuse such irrational views and nothing will happen to-morrow that can give any basis for such childish opinions. Why should anyone, even with a moderate income, without speaking of those in better circumstances, cut down their expenditures? Why should anyone stop buying things necessary or desirable? To do this is not extravagance, but simply continuing in the beaten pathway of established habit.

"If buyers stop making purchases, or buy only such things as they can not do without, trade languishes, mercantile con-

cerns dismiss employees by the thousands, wholesale houses cease to sell goods and manufacturing plants must run on part time or shut down altogether. The farmers of the West and the Far West will be forced to sell their products at low prices and the planters of the South will be impoverished by the same cause. Who gains by this suicidal policy? In the human body, if the circulation of the blood stops, life ceases; so likewise in the community; if trade is abolished, the social, political, and industrial organization is paralyzed. The economy suggestion is crazy without possessing the element of humor contained in the advertisement, published by a New York undertaker many years ago, to this effect, 'Why live so expensively when I can bury you for eighteen dollars?' There is no record that anyone committed suicide to take advantage of this very liberal offer."

Perhaps there is need of a definition of what economy means. Certainly it should not mean stagnation in business. But it should mean more regard for the essential and useful things and less for those of luxury.

It is a sad picture of the fruits of economy that is thus presented by our American contemporary. But the "Banker" must not hope to support its position by the experience of England, to which it refers. It is strangely misinformed if it supposes that business is going on "as usual" in England. What it calls the British slogan long since ceased to be accepted in England. Over there to-day the general demand and the general practice are for that economy at which our New York contemporary scoffs. The production and importation of luxuries and of things not really necessary for the maintenance of the people has been severely restricted. Limitations are placed on the quantities of things that one may buy. Prices of some things are fixed by law. There have been meatless days. The proportion of white flour that may be used in the making of bread is regulated. Trade is interfered with in a hundred ways. Economy is preached and practiced in the King's palaces and in the cottage homes. Yet the dire evils which the American writer associates with economy are not found. There is no lack of employment. The production of the things that are necessary affords ample employment. Everybody who is able and willing to work has opportunity to do so, and to earn good wages. The farmers' only difficulty is in producing enough to meet the demand of the people, who are ready to pay generous prices.

The American people, after a lengthy period in which they have enjoyed an abundant war prosperity without any of war's obligations, are very rich—rich enough to meet the demands of the moment without much sacrifice of the comforts and luxuries that they have been enjoying. They are now coming to the more serious side of the business. They are in the war and in consequence will have to face responsibilities that they have not hitherto dreamt of. They will have to raise vast sums of money for their war service. The richer few may be able to do their part without worrying over questions of economy. But the contributions of the mass of the people will be necessary to the success of the national financing, and it is only by the practice of economy—by denying themselves some of the things they usually enjoy—that they will be able to do their part. The practice of such economy will not be productive of the dreadful things described by our New York contemporary. On the contrary, it will have a

sobering and generally wholesome influence upon people who have been too lavish in their expenditures upon the things that profit not. War brings its many evils, but the necessity for economy is not one of them: it is rather a blessing to the nation.

### Prices, Profiteering, Production

ONE of the most difficult questions that a Government can have to deal with is the regulation of prices. Now that Canada has a Fuel Controller and a Food Controller this difficulty is likely to soon present itself. Where prices have ascended to what in ordinary conditions would be regarded as extortionate, there is naturally a desire for some regulation. That prices in some lines have advanced to figures which have yielded manufacturers much more than ordinary profit is well known. An effort to exercise some control in such cases will have public sympathy. But if prices are to be fixed the duty of fixing them at fair figures becomes a very delicate and difficult one. The consumers will, of course, desire to see sharp reductions on the present prices of necessities, and public officials will be disposed to meet that desire. But there is an important element in the case which cannot be overlooked. The need for increased production is everywhere impressed on the people. High prices are the greatest incentive to increased production. One is tempted to produce for his own use, so that he may not have to pay the high prices asked on the market. The producer who produces for selling in the market will put forth all his energies if he knows that the fruits of his labors will command high prices. If prices are too severely cut, he will have no incentive to produce. He may feel that at the increased cost of production the new price offered ceases to be profitable, and he may be tempted or even feel obliged to suspend or materially reduce operations. An official regulation may govern the price which he may ask for his goods, but, short of the taking over of the establishment by the Government, it does not appear that the production of the goods can be controlled. While drastic regulations may be desired by the consumer, whose burden is heavy, if they are made so drastic as to check production they will defeat their own purpose. If the producer is to be encouraged to give his best efforts to increase his output he must have before him the prospect of a price which will yield him a profit. And a price that in normal times would leave him a handsome profit would leave him little or none now, for he in his turn has to pay high prices for most of the things which enter into his cost of production. Patriotism may, of course, be counted on to play some part in the campaign for increased production, but the prospect of profit or loss is not likely to be ignored in the making of plans by any class of producers.