

Economics for Workers

BY PETER T. LECKIE.

PRICES, FROM 1914 ONWARD

ALTHOUGH we had a great outcry concerning increased prices previous to 1914, it was very feeble compared with the outburst during the war period itself, when prices rose very rapidly. If we compare the commodity prices of different countries during this period we find a close relationship existing between currency inflation and increased prices. Mr. McKenna, ex-Chancellor of the British Exchequer, who is very high up in the banking and financial world, said on one occasion that the British currency had increased 125 per cent., and prices also had increased 125 per cent. He was addressing the shareholders of the London Joint City and Midland Bank.

Let us study the figures of the principal countries during the war, bearing in mind always that gold is a commodity.

The following table shows the 1914 currency in \$ millions; also that of 1919.

Countries	1914.			1919.		
	Gold.	Notes.	Per cent.	Gold.	Notes.	Per cent.
Austria	254	464	54.8	52	10,099	—5
Canada	94	162	58.2	123	300	40.9
France	806	1301	62.0	710	7,286	9.6
Germany	298	692	43.2	266	7,561	3.5
Great Britain	195	140	134.6	594	2,132	22.9
Italy	236	337	70.0	157	2,085	7.5
New Zealand	30	10	300.	39	36	112.0
United States	1023	1056	99.6	2107	4,015	52.3

The Allies had 17.1 per cent gold backing while the Central Powers had only 1.7 per cent gold to their notes.

In the thirty principal countries of the world, currency in face value increased from \$7,250,000,000 in 1914 to 50,000,000,000 in 1919. This was a 600 per cent increase, while the production of gold had only increased 40%.

We heard some labor men say that because of a labor government in New Zealand, prices did not increase to the same extent there. If we study the above currency table we will find that New Zealand's currency was on a gold basis and gold was at a premium on the world's market, therefore her currency was representing some tangible value, gold, the value of which lies in the labor embodied in its production.

The following illustrates some of the peak prices I have been able to trace.

Peak prices (from the 100 of 1914).
 Germany 700. Gold per cent to currency fallen from 43% 1914, to 3.5% 1919.
 Italy 675. Gold per cent to currency fallen from 70% 1914, to 7.5% 1919.
 France 575. Gold per cent to currency fallen from 62.0% 1914, to 9.6% in 1919.
 Britain 320. Gold per cent to currency fallen from 140% 1914, to 22.9% 1919.
 Canada 260. Gold per cent to currency fallen from 58% 1919, to 40.9% 1919.
 U. S. A. 275. Gold per cent to currency fallen from 99.6% 1914, to 52.3% 1919.

Here are two tables to make on large charts for analysis before the class. The first shows prices rising highest in those countries where inflation of the currency has been greatest.

The second goes a long way to explain the various differences of the exchange rates between the countries, when we keep in view gold as a commodity which is used as a basis to balance international debts.

The British pound was worth double the number in French francs and could realize still more Italian currency than previous to the war. The same pound had fallen when realized in American or Canadian dollars. The Canadian dollar had fallen alongside the American. This variation has quite a close relationship to the percentage of gold behind the currency which the above table shows.

Therefore the great increase in prices during the war was mainly a result of the inflation of the various currencies, making a demand on commodities which, although being increased with greater efficiency could not keep pace with inflation. This inflation caused larger savings expressed in dollars, increased the money of account in the banks, an increased purchasing power by the bank cheques all adding to the power of inflation to increase prices.

Henry Drayton, in his budget speech in the Canadian House of Parliament, pointed out that the Canadian Currency had increased 108 per cent, while Britain had increased hers 207 per cent, and the U. S. A. 70 per cent from 30th June 1914 to 30th June 1919. The increase in deposits in Canada was 87 per cent. Britain's 115 per cent. U. S. A. 80 per cent. With the end of the war, business collapsed

with the elimination of the war market. Factories shut down and there being no demand, prices fell.

With falling prices, incendiary fires followed, to obtain insurance on the goods stocked before prices fell too far. We had also an increase in business failures.

W. Sandford Evans' Statistical Service gave the following report, up to Nov. 11th 1921

"The farmers delivered this year, 1921, 132,022,412 bushels for 127,000,000 dollars, while they received in 1920 \$234,657,775 dollars for only 109,000,000 bushels."

Almost 24,000,000 bushels more sold for \$107,659,775 dollars less than the previous year.

Farmers were burning grain for fuel because it was cheaper than buying coal. Then we saw another contradiction of capitalism. The more money wages can buy, the worse the worker is, because of his being unemployed as a result of stagnation in business caused by falling prices. The falling prices have helped along the deflation of the currency; the further deflation continues the harder will it be for countries to meet their debts, because debts contracted when commodities sold at high prices, and paid back during fallen prices, means a greater return payment. This can only be obtained by a greater exploitation of labor, so the prospects of labor are anything but rosy if they keep on haggling over wages alone.

Our politicians being ignorant of the economic laws at work in society, are in a terrible plight to bring things back to what they call "normal." No matter which way they turn they find obstruction.

Some have advocated immediate currency deflation, but, if they forced matters, prices would fall so fast that business conditions would be rendered chaotic. Some said "make Germany pay," but the more Germany pays the more unemployment appears in the allied countries, as witness the effect of reparations in ships and coal on Great Britain's industries; the contradictions in capitalism are so sharply drawn that the apparent settlement of one problem for our masters simply means the appearance promptly of another.

I think I have given enough food for thought on the subject of Prices to arouse discussion in any economic class.

Next Lesson: PROFIT.

The Clarion Mail Bag

BY SID EARP

A glance through the letters received during the past month shows that a steady interest is being maintained in the work of the Party and its official journal.

Writing from St. John, N. B., Comrade Goudie sends a word of cheer and a sub, with a hint of more to be expected. From Ottawa comes a similar message and two subs. A comrade in Port Arthur sends a pithy note: "Enclosed find one dollar for the Clarion; it's all right." Just what we thought.

From Brandon, Man. come two renewals, also an enquiry from St. James. Com. Robertson of Three Hills, Alta., sends a dollar sub and comments on the poor prospects for the farmer.

Writing from Edmonton, Com. Smith asks for some pamphlets and Clarion renewal to the end of the year. From Edmonton and Glenbrea, Sask., also come renewals of subs.

G. Lamont sends a few lines asking for sample copies and enclosing two subs. Walter Ridout from Prince Rupert affects facetious wonderment at things in general and sends eight dollars in cash on Local account.

From 59 Mile House, Clinton, B. C., Com. Robson writes, "Find enclosed two bones; 1 for Clarion and the other for Maintenance Fund." Bones is good. J. M. Brown, Bonanza Y. T. does the same thing in more classical language. To make three of a kind comes a similar request from Ben Dworkin, Hanna, Alta.

Com. Redfern, Moose Jaw, asks for "Causes of Belief in God" "Pritchard's Address to the Jury." and renews his sub to the Clarion.

John A. Mitchell writes from Paken, Alta., enclosing one dollar sub.

Com. R. Brown is in Sicamous, he sends for "Economic Determinism," and wants his sub to the Clarion renewed. Asks to be remembered to W. A. Pritchard.

Sydney Rose, Winnipeg writes a cheery note and encloses four dollars for the Clarion. John A. Beckman sends kind regards to Vancouver comrades and encloses two dollars for the Clarion. He is in Meeting Creek, Alta. B. E. Polinkos writes from Whitla, Alta., asking for a copy of "Capitalist Production," and renewal of his Clarion sub. Thos. Hanwell

writes from Brandon, Man. asking for renewal.

Com. Clarkson, Sandon, B. C. gives new address and sends one dollar to Maintenance Fund. A. E. Cotton, Topaz Harbor sends for renewal. F. Varney, Victoria does likewise. E. Simpson, Victoria, sends greetings and \$3 for sub. renewals, J. Brown, Cumberland, B. C., writes for copies of "Evolution of the Idea of God," and "Evolution Social and Organic." Roy Reid changes his address to Rimbey, Alta. William Braes writes cheerfully from Cumberland and encloses \$5 for subs. An article for the Clarion from him would be welcome. A renewal of his sub comes from H. Edwards, Oromocto, N. B.

From San Francisco come letters from Wm. Camfield, F. Cassidy, J. Knight and Chas. Pakerman, containing greetings to Vancouver comrades and subs to the Clarion.

Letters also come from Los Angeles and Venice, California, the latter from Com. J. J. MacDonald. Sam Clements sends change of address and best wishes from Susanville, California.

E. Staples writes a long letter from Sydney, Australia, full of interest, and expressing regret that the Clarion is not more widely read in Australia as the need for a sound exposition of Marxian economics is everywhere apparent. He will be returning to Auckland, New Zealand, in the near future. An enquiry for the Clarion also comes from Will

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