

The Future of Commerce

After the war shortages---Control and Distribution of Imports---Export and Import Changes

By "Hespericus"

Few people realize what a revolution the war has brought about in the world's trade but advanced thinkers like Mr. Sidney Webb and others are beginning to speculate upon its general effect on the future of commerce. Perhaps a summary of some of their conclusions may be interesting to the readers of The Guide as there is little doubt but that the changes will seriously affect Canada.

The stern necessities of war have placed not only ordinary citizens but the manufacturers and traders of every country under severe and unaccustomed regulations; whether miners or manufacturers, farmers or fabricators, exporters or importers, wholesale or retail dealers, they find themselves in every country limited by conditions and prohibitions which interfere both with profits and processes. Neutrals and belligerents are alike affected. Many of these interruptions are the direct and obvious consequence of military and naval operations and will end as soon as peace comes; others however, are destined to survive for a longer period.

There is a beneficent side to the international regulation of commerce and that which at present appears as only an instrument of evil may prove the only means by which the world and especially the peoples of Europe can be saved from famine.

The system of regulation which warfare has devised and which the prospect of starvation may necessitate preserving for a time, will not disappear with the end of the war or the world shortage. In the first place there will have to be a continuance of the direct government control of imports which is now a common rule for all countries. It will be required in some countries to prevent wide spread unemployment and want and in other countries to avert actual famine. It is already inevitable that there will be for some time after the war a world shortage, not merely in wheat and other food-stuffs but in almost all the important raw materials. The aggregate grain harvests of the world have been gradually falling behind the needs of the growing population, and the aggregate world's stock is rapidly shrinking. The same condition prevails in regard to meat and milk, and livestock all over Europe has been vastly reduced in numbers.

The markets of the world have been swept bare of the substitutional food-stuffs and the food exporting countries have ceased to export. For the next few years neither Russia, Roumania or Hungary will have more than enough for their own people. There will also be an exceedingly serious shortage of the raw materials needed for reconstruction and the resumption of the manufacturing production, on which the many millions now engaged in fighting or war trades will depend for subsistence when peace comes. There will be a serious deficiency of cotton, oil, timber, hides and wool and the output of coal as well as most of the metallic ores has been seriously diminished. Of all useful commodities, the production of steel alone has been increased. To add to the difficulties, the total merchant shipping tonnage of the world will not stand at more than two-thirds of the pre-war figure and as all the railways and roads of Europe and many in America will be in a parlous state of disrepair, land transport everywhere will be very uncertain and exceedingly expensive.

Government Control and Distribution of Imports

Confronting such a situation all economic tenets and ideas of commercial aggression or economic wars will disappear before the pressing need of national self-preservation. For many long months after peace comes the world will be in the position of a beleaguered state and to return to the unfettered scramble of private enterprise will be absolutely impossible. No government, whether belligerent or neutral will be able to abandon the extensive controls which it has exercised over trade or to allow the export from its own boundaries of commodities which its own people urgently need. Reliance on the law of supply and demand would be a futile policy and if matters are left to the free play of economic forces and the unfettered operations of selfish interests, the result would likely be famine on a large scale. The poorer nations, the poorer classes, and the poorer families would be starved and the inevitable result, bitter discontent and bloody revolution. In face of this problem some European governments, notably France and England, are making plans for the organization which will have to be established

in international trade. The whole world will probably have to be put on rations and the international control established both of the world's export and of the necessary shipping facilities continued.

As a sign of the times, the Executive of the British Labor party submitted the following proposals at its party conference on August 10th, which they recommended should be incorporated in the peace terms:—

"That, in view of the probable world-wide shortage, after the war, of exportable food-stuffs and raw materials, and of merchant shipping, it is imperative, in order to prevent the most serious hardships, and even possible famine, in one country or another, that systematic arrangements should be made, on an international basis, for the allocation and conveyance of the available exportable surpluses of these commodities to the different countries in proportion, not to their purchasing powers, but to their several pressing needs; and that, within each country, the Government must for some time maintain its control of the most indispensable commodities in order to secure their appropriation, not in a competitive

three and one half million families, has long bought—to name a few commodities—its own butter in Denmark, its own currants in Greece and its own wheat in Winnipeg; it has lately taken the step of buying land in Western Canada for the primary production of wheat. The European Co-operative Wholesale Societies, which enter to a quarter of the population, have already started on a similar course. The state and municipal enterprises now growing in number in Europe and the Dominions have gradually followed the same policy and do their own importing.

During the war all of the belligerent countries have gone straight to the producer and made enormous purchases for the public account. The British government has actually made itself the sole importer of wheat, sugar, tea, refrigerated meat, wool and various metals. The French and Italian governments have followed suits, as have neutral states like Switzerland and the Scandinavian kingdoms. The supersession of the exporting merchant by the importer and of the individual importer by collective organizations, whether of a co-operative nature or of a direct governmental character, will continue after the war in face of the perils of starvation.

Even the private capitalists are turning to the same course and it is practically a settled principle in Germany, France and Great Britain, that the buying of the raw materials required in various manufacturing industries will have henceforth to be unified and centralized. The extravagance involved in the competition of individual purchasers for overseas products can no longer be tolerated. In Great Britain, for instance, the manufacturers will buy from the country of production as much of the output as they think fit and the goods whether wool, copper, hides or cotton will be brought home on joint account and rationed among the several establishments by an official committee, in which not only the employers but the trades union and government will be represented. They will be manufactured under elaborate arrangements for costing and a common audit of factory accounts for sale at standardized wholesale and retail prices.

This means the creation of a series of trusts and how far each trust will be autonomous and free to plunder the helpless consumer and in what trades they will be superseded by that state or municipal enterprise which is receiving so tremendous an impetus from the war will depend upon the reality and courage of the various democracies.

Influence on Tariff Systems—British Labor's Stand

It is interesting to speculate on what the effect of these changes will be on tariff systems. Generally speaking in Europe the war has thrown customs tariffs to the ground. On the other hand it has stirred up nationalist feelings to such an extent as to inspire the Protectionists of all countries with bright hopes of eventual triumph for their creed. But the growing strength of the labor and socialist parties in all European countries is being marshalled against Fiscal protection. Last August the great conference of the British Labor party adopted the following emphatic declaration of economic policies: "The Conference declares against all the projects now being prepared by imperialists and capitalists, not in any one country only, but in practically all countries, for an Economic War after Peace has been secured, either against one or other foreign nation or against all foreign nations. Such an Economic War, if begun by any country, would inevitably lead to reprisals, to which each nation in turn might in self defense be driven. The Conference realizes that all such attempts at economic aggression, whether by Protective Tariffs or capitalist trusts or monopolies, inevitably results in the spoliation of the working classes of the several countries for the profit of the capitalists; and the Conference sees in the alliance between the Military Imperialists and the Fiscal Protectionists in any country whatsoever not only a serious danger to the prosperity of the masses of the people, but also a grave menace to peace. On the other hand, the right of each nation to the defense of its own economic interests cannot be denied. The Conference accordingly urges upon the Socialists and Labor parties of all countries the importance of insisting, in the attitude of the government towards commercial enterprise, on the principle of the open door; on Customs Duties being limited strictly to revenue

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A Returned Hero being Welcomed by his Parents and Sister at Winnipeg

market mainly to the richer classes in proportion to their means, but, systematically, to meet the most urgent needs of the whole community on the principle of "no cake for anyone until all have bread."

Today the allied governments have established a Commission Internationale du Ravitaillement, otherwise an organization for victualling the overseas countries. It will have to be continued and neutral countries must be admitted to its membership. This commission will have to arrange for the systematic allocation and transportation to each country of the exportable surpluses of whatever goods the primary needs of all countries urgently demand. There will have to be stringent international restriction of trade and within each nation the same principle of priority of need will have to be enforced. Capital and material will have to be devoted to absolutely necessary works, such as building workman's cottages, schools, repairing factories and railways instead of being devoted to millionaires, palaces, new hotels and theatres and enterprises of amusement and luxury.

The Great Change in International Trade

But apart from the pressure of a world shortage, the organization and course of international trade is plainly destined to face great changes. The business of the exporter has to a certain extent been superseded and export trade has become import trade. Instead of each country relying on an adequate supply of all sorts of commodities coming to its shores through a desire for profit the part of individual manufacturers, merchants and traders, each country has more and more made its own purchases and fetched them home from the scene of production. The process of transferring the control of business from the country of production to the country of consumption has been steadily going on for half a century. The co-operative Wholesale Society of Great Britain, now acting on behalf of

Needs

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Rotations and Weed Control

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