

## LABOR AND PRODUCTION

An English writer in a recent discussion of "credit inflation and prices" argues that "as labor consumes probably 90 per cent. of the fruits of production it has everything to gain by intensified output and everything to lose by wilfully diminished production." His argument in substance was that the policy of labor in reducing efficiency and thereby curtailing output is directly against its own interest because it thereby reduces the total of consumable goods in the world, whereas its own members are by long odds the principal purchasers of such goods.

There may be doubt about the figure "90 per cent."—as pointed out by the London "Economist." What the exact percentage would be is a matter that depends very largely upon the term "labor." There is a feeling in Great Britain to the effect that what is called the "middle class" is rapidly fading out and leaving only the two extremes of the social scale—the "capitalist," class and the workers. Be this as it may, the British analysis of "classes" would probably make the laboring man relatively much more numerous than he is in the United States. This would account for the figure of 90 per cent., and to get such an estimate it would probably be necessary to include a large proportion of the agricultural population. Whatever may be the basis of estimate, however, it is essentially true that those who depend upon their own exertions for their support are by far the most numerous element in the community and are therefore more interested than any other in having the product of industry abundant. This makes the policy of many labor unions in cutting down output appear in its true light as an attack on the welfare not only of the community as a whole but especially of their fellow workers.

In the same way labor undoubtedly has a stronger interest than any other element in the community in seeing to it that banking is carried on sound principles and there is no undue credit or price inflation. Such inflation cuts the purchasing power of money, and inasmuch as labor is the recipient of far the largest quantity of annual disbursements of money, because it constitutes immensely the largest proportion of the population, is more interested than any other part of the people in having the money thus received retain its purchasing power.

## CREDIT SITUATION

The credit situation has continued, during the period ending September 15, to evidence in a substantial measure the improvement which had become apparent a month ago. There has not, it is

true, been any easing of credit. Banking loans have increased in response to seasonal needs; there has been no relaxation in commercial money rates; and little change in this situation can be expected until the major requirements of the crop-moving season have been met. Nevertheless, substantial progress has been made in overcoming the difficulties in the credit situation.

Harvesting and marketing of large crops are being financed adequately and without undue strain on banking resources.

The National Bank of Commerce says:—

A number of factors have facilitated the improvement in the credit outlook. As the continued improvement in transportation permits more normal movements of commodities, the mobility of credits is gradually being restored. Progress is being made in the liquidation of commodity stocks and of loans against them. While the downward trend of prices involves current difficulties, it is a movement toward greater rather than less stability in both the credit and the general business situation, since it tends to reduce the pressure on banking facilities and at the same time to stimulate the large potential demand for goods which increasingly high prices had impaired. In contrast with the movement in progress a year ago, therefore, the general trend of business conditions is in the direction of increasing soundness and stability.

## Northern Assurance Company, Limited

Mr. John Robertson, joint General Manager of the Northern Assurance Company, Limited, is expected to arrive in New York tomorrow. He will spend some two weeks in the United States, and will probably arrive in Montreal about the 18th instant.

Northern Assurance interests have incorporated the Northern Casualty & Indemnity Company in the United States under the laws of New York, and it is believed that the latter Company will receive much of Mr. Robertson's attention during his visit to this side. We understand that United States manager A. G. Martin of the Northern has been getting the names of some men who might be available to take the management of a Casualty Company to submit to Mr. Robertson, in the event that he should announce definitely that the Casualty Company is to be completed at once.

The Northern is known as a great corporation, and it has purchased and is operating a number of other Companies. The new Casualty auxiliary to be started in the United States is likely to be operated on a large scale. The Northern has been operating a Casualty business in Canada for the past year.