

endum proposed by the Chamber of Commerce of the United States was brought to their attention by the New York Journal of Commerce. This referendum has been suggested in the United States to ascertain business opinion on the subject of additional legislation to control prices during the war. It is planned to allow forty-five days in which business men may state their views on the question.

In general, business men are in favor of wartime control of staple commodities. There is a diversity of opinion regarding the limit to be placed upon such control, however, and a strong sentiment was expressed recently in many quarters that this control, if carried too far, might defeat its own ends. In reviewing the situation in a general way, E. H. Outerbridge, president of the Chamber of Commerce, of the State of New York, said: "At the present time there is nothing so dangerous to economic and industrial progress as the arbitrary control of the fixing of prices.

### Costs of Production.

"The ramifications which enter into the costs of production and distribution are so complicated, and there are so many factors that are beyond any control, that while it may be, and is essential that the government should regulate and control prices of some great staples, the smaller the control list is kept, the better it will be for industry generally.

"Artificial dams put across the natural currents of economic force are most likely to be swept away by economic necessity, or else to check the progress of industry, which must be stimulated and not checked if war is to be successfully waged and financed.

### Endangering Industry and Finance.

"There is no more effective way of endangering the industrial and financial ability than to interfere with the natural laws of trade, except in cases of shereest necessity."

The main features of the proposal are as follow: "After going very thoroughly into this subject, the National Chamber Price Control Committee has recommended that authority to control prices should extend to all articles which have importance in basic industries as well as in war, and which enter into the necessities of everyday life; that authority to control prices should be extended to raw materials and finished products; that authority to control prices should extend to the prices the public pays as well as those paid by the government; that authority to control prices should be administered by a small executive board appointed by the President.

"Also, that an agency working in harmony with the board controlling prices should have authority to distribute available supplies to those purchasers whose needs are most directly related to the public welfare; and that each leading industry and trade should create a representative committee to represent it in conference and to advise with agencies that control prices and distribution.

"The National Chamber has already gone on record through a referendum vote of its members committing it to the principle that there should not be a profit interest in war. This principle has been reiterated several times by the members of the Chamber since the United States declared a state of war.

"The committee points out that for success in business enterprise stable prices are essential. Every seller of products is a purchaser of materials. No business can be satisfactorily conducted if it cannot ascertain its own costs and prices in advance. When there can be no rea-

sonable certainty about the future course of costs for materials and equipments, it is pointed out by the committee in its report, that business faces unknown elements as soon as it endeavors to determine its scale of operation, the goods it will make, and the prices it should ask for its product."

### Uncertainty in Business.

Commenting on price fixing in the United States, the National City Bank of New York says: "Price fixing at the hands of the government authorities and the new measures for taxation are still factors of uncertainty in business calculations. The authorities will closely supervise the movement of the wheat crop out of first hands, through the process of manufacture into flour, and through distribution to consumption, determining the profit of every handler. An elaborate organization has been formed for this purpose, mainly composed of business men who give their services without compensation, and the grain and flour dealers have accepted the plan cheerfully, agreeing to co-operate. The scheme is an emergency one, impracticable as a permanent policy, but it will have the gratuitous aid of the most expert business talent in the country, and it will give assurance to the public that there will be no speculative profits in handling wheat or flour. In the present state of public temper this assurance is worth much, even though it does not follow that the handling will be done with any actual saving to the public over the cost by the ordinary methods. The price of grain fluctuates naturally throughout the year, with prospects for crops in all producing countries, and the carrying of grain for future consumption is necessarily a speculation. When crops are good, prices decline and loss ensues to those who have stocks; when crops are poor, prices advance and gains are realized. The fluctuations are downward as often as they are upward.

### As to Wheat Prices.

"The price of wheat to July 1st, 1918, has been fixed at \$2.20 per bushel at Chicago for No. 1 Northern Spring, or its equivalent.

"The British government was able to sell wheat for a time last spring lower than it was selling in the United States because it had a stock on hand purchased months before at lower prices. But if it did not take a profit on a rising market, it would have no reserve to save itself from loss on a falling market, and in presenting its plan of operations to parliament the government frankly admitted that it proposed to stabilize the price of bread, meeting any deficit that might arise in its operations from treasury funds.

"The price of coal has now been fixed by an order of the President, varying with different fields. The price of steel is under inquiry and may be authoritatively fixed for government use. There is every reason to believe that the authorities will be guided in this policy by what they conceive to be the best interests of the public, and that they will seek to make prices that are fair to producers, but the whole policy is an experiment, and unless it is carried to extremes and the results are very pronounced it will never be known whether the experiment is successful or not. That is to say, it will never be known whether the net final results are more advantageous than the results that would have followed upon natural prices. It is not by any means certain that prices made artificially low are the most desirable. Prices have an important function in bringing supply and demand into equilibrium, adjusting them to each other."