

## COST DATA

That many Canadian manufacturers and merchants have no precise idea as to what their products cost, is the statement made by Mr. W. F. O'Connor, K.C., acting commissioner inquiring into the cost of living. During his investigation he has experienced great difficulty in securing from most manufacturers and traders the data which their best interests dictate should be always immediately available. Mr. O'Connor touches a vital point in Canadian industry. We have much to learn about proper cost systems in industrial plants and in trading generally. Chartered accountants, efficiency engineers and others who have made a study of this matter in Canadian plants are unanimous regarding the laxity in this direction except in a few cases throughout Canada. Mr. O'Connor says many manufacturers and merchants find it impossible to figure their exact profits. As to price fixing, some sell for what they can get, because they do not know their costs. Others make their prices the same as those of their competitors. The Commissioner had before him some returns which actually showed profits in excess of real earnings. Essential elements entering into costs had been left out of calculation. As Mr. O'Connor says such manufacturers and merchants are simply "fooling themselves." He adds: "Far too many of them charge themselves with nothing or with too little, for depreciation. Others have no costs accounting system at all. Some are manufacturing or selling lines which pay and other lines which do not pay, the losses due to the latter operating as a drag on the profits earned on the former. If they knew the facts they might drop the unprofitable lines. In the next block, maybe," says Mr. O'Connor, "is a struggling manufacturer or dealer who, if he could add to his trade the lines being manufactured or dealt in at a loss by the first-mentioned manufacturer, could coin money. The installation of a proper costs system by the first-mentioned manufacturer would save, perhaps, both concerns. Its absence may mean in the course of time two bankruptcies."

Mr. O'Connor thinks that the information he has collected and provided for in his investigations could be turned greatly to the advantages of manufacturers and business men. The cost data furnished by particular individuals ought not under any circumstances be published. It might be taken advantage of by competitors. But the average costs of particular lines, or particular classes of business, or of particular classes of industries, might be published, or communicated upon request, so that those interested might look into conditions affecting their businesses or industries and, if their costs were running high, be led to detect leaks, or improve methods, or as the Commissioner tersely puts it, "quit." Thus could be placed at the disposal of each the benefit of the accounting skill of all. "In any event," says Mr. O'Connor, "the matter is indisputable that business men who carry on their enterprises vainly imagining that they are making profits which the services of any expert cost accountant for a few days would show are non-existent because of this cause or that, are headed straight for the road to bankruptcy. Some businesses do not pay. There are too many in them. Others are being inefficiently conducted. Proper cost accounting systems will disclose real conditions. Every business man should know just where he stands." The firms which have worked both with and without proper cost systems know the indisputable value of such systems.

## GERMAN TRADE PREPARATIONS

The project for a German export bank to assist in the restoration of trade relations with Central and South America, and to promote export trade generally, was launched at a big meeting of trade organizations and Latin-American export houses, at Hamburg recently, according to Copenhagen dispatches. The bank will establish branches abroad, particularly at important centres of trade, Central America, West Indies, East Asia and Australasia. Where German bank representation is now inadequate the export bank will assist German import houses by granting a line of credit on acceptances. The necessity of combating American and Japanese efforts in South America and emancipating German firms completely from the dependence of British banks, which almost monopolize business in acceptances, is given as justification for starting the new bank.

The Imperial Department of Commercial Intelligence recently received copies of circulars which The Deutsche Propaganda-Gesellschaft of Buenos Aires are sending to Germans in the Argentine Republic, asking for information of a commercial nature regarding the various localities of the Republic, with a view to assisting the German merchant to take up afresh his career on the conclusion of peace. From these circulars it appears that a German-Argentine commercial directory, in German and Spanish, is to be published. It is to comprise an alphabetical collection of the names of all the German and Germanophil business houses and representatives of German firms in the Republic, together with lists of articles imported from Germany, and will be prefaced by information regarding Argentine industries, import and export trade, agriculture and cattle-raising, trade statistics, commercial laws and usages, etc., with especial reference to the various provinces and territories. The directory will probably contain 500 pages, and that 50,000 copies will be published. Each copy is to be signed and numbered.

These are indications of German preparations for post-bellum trade. Many signs there are also that German manufacturers and merchants will make a special bid for South American trade. That preparation should be made by Canadian manufacturers, bankers and the Canadian government to prepare for greater Canadian trade in South America, was the opinion expressed in an interview with *The Monetary Times* last month, by Mr. Edward C. Austin, who has resided in Colombia, Peru and other South American republics for the past ten years. "Canada," he said, "has one trade commissioner in South America, a territory 2,000,000 square miles larger than Anglo-Saxon America. This commissioner is at Buenos Aires, in the Argentine Republic. We should have one commissioner representing the northern republics of Colombia, Venezuela and Ecuador; one representing the western territory, Peru, Bolivia and Chile; one representing the Argentine, Paraguay and Uruguay; and one representing Brazil. We already have a commissioner in the Argentine Republic; he could attend also to Paraguay and Uruguay. In Brazil it is absolutely necessary that the trade commissioner should speak Portuguese. Any extension in the Canadian commercial intelligence service in South America should be made immediately. A new Europe means a new Latin America. Now is the time to prepare to obtain our share of the business of these republics."