

organized as to encourage the maximum production, as by such production alone will those improved conditions of life be obtained which it is the aim of every country to secure for its peoples. Above all, to fill up the gap between the supply of and the demand for commodities, it is the duty of every patriotic citizen to practise strict economy and to contribute his maximum effort to the common weal.

The conference strongly endorses the declaration of the Supreme Council of March 8th last—that the states which have been created or enlarged as the result of the war should at once re-establish full and friendly co-operation and arrange for the unrestricted interchange of commodities in order that the essential unity of European economic life may not be impaired by the erection of artificial economic barriers. Each country should aim at the progressive restoration of that freedom of commerce which prevailed before the war, including the withdrawal of artificial restrictions on, and discriminations of price against, external trade.

A SECESSIONIST MOVEMENT IN CANADA

OTTAWA, Toronto—take notice! There are movements on foot to break up confederation, and to cut off industrial and agricultural Ontario from the great outlet at James Bay to the north. Why should Canada trouble itself over the question of Irish self-determination, or federation with Newfoundland and the West Indies, when there is at home a real case of political oppression, misrule, and desire for independence.

Vancouver Island would be loosed from the bonds of confederation, to develop as a free trade colony, to become a manufacturing and financial country like Great Britain. Oscar C. Bass, of Victoria, outlines the secessionist movement in the Island elsewhere in this issue, but he does not specify the exact complaints against the Dominion or provincial governments, or the ways in which connection with the rest of the Dominion has worked out to the disadvantage of the Island.

Northern Ontario also aims to become an independent province, a link between the manufacturing east and the "productive" west, according to Frank H. Keefer, federal member of parliament for Kenora. In describing the movement at a meeting of the newly formed League of Municipalities in Fort William last week Mr. Keefer pointed out that the population of the proposed new province, which would extend from Lake Superior to Hudson Bay and from Manitoba to the White River, would be over 100,000, or more than the population of Prince Edward Island, Manitoba, British Columbia, Alberta or Saskatchewan when they commenced. The new province "Superior" would have ample revenue from Crown lands, minerals, fisheries, timber, succession duties, license fees, fines, and the subsidy from the Dominion.

As a means of impressing upon the respective governments their claims for more attention these secessionist movements may be successful, but further than this their supporters would scarcely be willing to go. The burden of maintaining a provincial government is pressing heavily upon the small provinces. In estimating expenditure upon a district it is easy to overlook many items which are included in overhead. For northern Ontario to become a province or for Vancouver Island to become a Crown colony would retard rather than speed their growth.

THE DANGER OF TOO RAPID DEFLATION

PRICES are now coming down rapidly partly because the public is convinced that they will continue to come down. The effect of such a view is cumulative, for a decline in price instead of increasing purchases only seems to frighten buyers still further. There is a danger, therefore, that the movement may proceed too rapidly.

Present conditions are described by the New First Na-

tional Bank of Boston as follows: "The country is now economizing, partly because it cannot afford to buy at current prices, partly because increasing unemployment is materially cutting down purchasing power; but mainly because the public senses that the drastic declines in raw materials and wholesale prices must soon result in much lower retail prices. The consumer in increasing degree is restricting purchases, causing a marked slowing down in retail trade. The retailer, still holding some high priced merchandise, is naturally maintaining prices in an attempt to avoid losses on such goods and to secure his usual holiday profits. Meanwhile wholesale houses are successfully conducting bona fide reduction sales which in some instances are being followed by similar sales on the part of retailers. As a stimulant to sales this policy has been remarkably successful and the movement is gathering momentum. The liquidation in the retail market, finally deflating prices to the consumer marks the last stage which must precede a business revival. The situation is not confined to a single country—it is world-wide."

There appears to be a wide difference of opinion as to how long the present movement will continue. In some quarters it is expected that the spring will find business reviving, after a dull winter accompanied by price reductions, which will place trading on a sounder basis. In support of this view it is pointed out that there is still a shortage of many kinds of goods, of houses, street railway and other public service equipment, and of power. On the other hand it must be remembered that a shortage which is not accompanied by the ability to purchase does not help business. People never have all they want, because their wants always exceed their resources. Now that hours of labor are shorter than ever before, and general "progress" has been made in securing better conditions of labor, the output of the individual worker has been reduced and his purchasing power can scarcely be as great as it was before the war.

The view that this is but the beginning of an extended downward movement seems to be sounder. The coming winter may be the most severe, witnessing the first big stride in deflation. We hear much talk of the economic cycles which culminated in 1907 and 1914, and the seven year period ending in 1921 may bring a similar experience. In any case this country should weather the crisis safely.

Practically no new industries are now coming to Canada. The changed industrial conditions have reflected themselves quickly in investments of this kind, and some new plants or extensions fully planned or under way have been stopped.

* * * * *

One encouraging feature of our trade statement for the past twelve months is the fact that exports to practically all countries, except the United Kingdom and France, have increased, showing that Canada is paving the way for a broader market.

* * * * *

The British Columbia finance minister, in proposing to organize a bank, overlooks the fact that such a bank cannot loan in the province more than its deposits in the province. The chartered banks, on the other hand, do this at times.

* * * * *

VITAL STATISTICS

One of the census men called at the home of a working man in New York, noted in his neighborhood as a great reader and a wiseacre for statistics. He found the man poring over an encyclopedia.

"How many children have you?" asked the census taker.

"I have just three—and that's all there will be, too," replied the man, looking up from his book of knowledge.

"All right, but why be so positive?"

"According to this book here," said the man with deadly seriousness, "every fourth child born in the world is a Chinaman!"