

the Canadian dollar in New York. This is one of the temporary factors, however, and may soon be removed or reduced.

The relative position attained by the United States, Great Britain and other leading nations concerns Canada as a debtor country. We have borrowed from them all and will continue to borrow wherever the money is available. A prominent American financier, John J. Arnold, vice-president of the Bankers' Union for Foreign Commerce and general manager of the H. V. Greene Co., of Boston, Mass., in an address in Montreal on October 27, expressed the view that the United States could not long retain its present outstanding position. He referred to the fact that previous to the war Britain, France and Germany had been creditor nations, while the United States had been a debtor nation. The situation had changed as regards the war, but because of the manner in which the United States has become the creditor nation and the other countries the debtor nations, he believed that the United States was occupying a most unenviable position. Historians would not ask how this had come about, but what the United States was going to do in the matter. He pointed out that Britain, France and Germany had acquired their creditor-nation positions because of their contributions towards constructive effort to the outside world. Britain had aided in building up the United States, Germany in building up Latin South America and the Orient, and France in building up Russia, but the United States had turned from a debtor nation to a creditor nation merely because of the war and not by aiding others.

A TIME FOR SCRUTINIZING COSTS

UNTIL quite recently almost any kind of goods or services could be sold as fast as they were produced. Price was a secondary consideration and little attention was therefore paid to economy in production. During the past few months the situation has changed, one industry after another experiencing a slackening in trade. Business, it seems, is never normal. It is either good or bad, and following a prolonged period of unusual expansion, anything other than distinct quietness cannot be expected for some time to come.

The business which would retain a fair measure of activity must now scrutinize its costs with the utmost care. Too brisk conditions do not make for efficiency, and numerous weaknesses have crept into methods of production and marketing. While a reduction in profits and wages cannot altogether be prevented in the face of falling prices, yet so far as the situation can be met by improvements in business methods such improvements are eminently desirable. Indications of where such economies can be enforced may be found through the cost accounting systems established in so many firms during the past twenty years. Nevertheless the number of Canadian industrial concerns availing themselves of the advantages of an adequate cost accounting system is surprisingly small. All manufacturers have some method peculiar to their own business of getting at their costs, but the only system that can be thoroughly relied upon to do what it is intended to do in that regard is to have the cost finding plan linked up with the general accounting. Then only it is possible to know exactly the origin of profits and of losses. This may involve a system of perpetual inventory which, if properly kept, will prove of great value to any business.

Cost accounting serves to show where a profit is made by a firm and where a loss is sustained. It shows the cost of the production of an article and it is from the information thus obtained that the selling price of the article is arrived at. Material, labor and overhead expenses are the three big items in cost accounting and the most common fault with many firms is a lack of appreciation of material. The practice of salvaging waste material is being put into force more and more as manufacturers begin to realize its value. Losses entailed are usually due to waste. The time

is at hand when those manufacturers who have been neglecting systematic methods of cost finding will be well advised to bestow some attention upon it. The expenses of installation should be regarded as a secondary matter when the benefits to be derived are considered.

CANADA SHOULD NOT STAND ALONE

SHOULD a government which doubted the necessity and which acknowledged its inability to control commodity prices put into force regulations aimed at controlling the price of securities? This is the question which the Dominion government has answered in the affirmative. But in the sphere of finance, as well as commerce, this function has been found to be beyond the bounds of practicability. The money market is wider than the market for any commodity, and the machinery for trading is more complicated. In enlisting the co-operation of the members of the Bond Dealers' Association and of the stock exchanges, the finance minister secured control of a large part of the trading fraternity, but the independent operations of a minority has rendered ineffective the whole program. At meetings held last week in Toronto and Montreal, addressed by Sir Henry Drayton, dealers unanimously pledged their support to his embargo, but were equally in accord in their denunciation of the outside brokers who are still importing securities, and who have regularly been able to undersell the members of the stock exchanges and of the Bond Dealers' Association.

The embargo is a weak effort to change a big situation. The finance minister is anxious that it should be continued until the wheat crop is well in motion, which would be, perhaps, the end of the year. The importation of securities has not been the cause of the pressure in current loans, however, nor will the embargo swell bank deposits to any great degree. What the embargo does do, so far as it is effective, is to maintain a price for securities in Canada which is not warranted by world-wide investment conditions. Investors should not be called upon to pay an artificially high price for securities, while the Canadian market is shut off from those holders of our bonds and stocks in Europe who bought with all faith in the fairness of the government of Canada. At the end of a period of great prosperity, with the best harvest in our history, is our distress so great that we need thus sacrifice our reputation abroad?

293,361,000 bushels of wheat and 543,058,000 bushels of oats, compared with 193,260,400 and 394,387,000 bushels respectively last year, are another sign of lower prices.

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The proposed elimination of sinecures rather than the German name of the firm is probably the reason for the unpopularity at Ottawa of the report of Griffenhagen and Co., Chicago, on the reorganization of the civil service.

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If Canada is such a strong and resourceful country as she is reputed to be, and there is no doubt that her material and human resources place her in an exceptionally favorable position, why is it necessary for the finance minister to appeal to patriotism to relieve the financial situation? The sentimental appeal of war-time can scarcely have weight in times of peace; investment is strictly a business transaction, and should be treated as such by the government.

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The danger of becoming public "futilities," which has been so narrowly escaped by public service corporations on this continent, recalls the story of the mule's christening. A lady observing a mule owned by a colored boy asked: "What do you call your mule?"

"I calls him 'Utility'."

"How did you come to give him such a peculiar name?"

"I'se been studyin' de animal and readin' de papers. Dat mule gets mo' blame an' abuse dan anything else in de city, an' goes ahead doin' his level best just de same."