

# POOR DOCUMENT

## MC 2035

THE EVENING TIMES AND STAR, ST. JOHN, N. B., SATURDAY, AUGUST 7, 1920

### WHY MONEY IS SCARCE

(Paul Clay in Forbes Magazine, N. Y.) Overproduction is the well known cause of falling prices; but in this year 1920, especially in May and June, we witnessed a decline in commodity and goods prices brought on by underproduction.

It has come about that the less the laborer does, the more pay he gets for it, and that the less the farmer and manufacturer produce, the higher are the prices they get for their output.

Both producers and their employees discovered many months ago that the less they did the more they made. Correspondingly, the efficiency of both labor and capital diminished, and prices went sky-rocketing. The rule of capital was to raise prices enough to cover advances in wages, and fully maintain the margin of profit; the rule of labor was to obtain frequent advances; and the rule of the various governmental and semi-official labor and arbitration boards was to make the wage increases retroactive. The men could well afford to strike often when they were paid to do so and the

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sensible employer took the matter of fact position that it was easier to raise prices to the unresisting public than to fight aggressive labor unions with powerful political backing.

It became a daily occurrence, therefore, for prices to break the altitude records. But the higher prices went, the more money every firm and corporation had to borrow to carry its supplies and pay its wages. Bank loans necessarily had to expand with prices, and since there was no top to prices so long as producers and merchants could borrow, there was no limit to the loan inflation. The shortage of funds in the hands of the people, funds with which to pay the excessive prices, may best be seen by observing the approximate income and expenditure of the whole people. Some of the items are estimated as follows:

Present annual wages and salaries ..... \$31,837,200,000  
Aggregate corporation dividends and interest ..... \$212,700,000

Interest income of private lenders ..... 1,070,900,000

Total income of American people ..... \$55,220,800,000  
Cost of living at pre-war standard ..... \$4,956,800,000

Balance ..... \$11,264,000,000

This balance over and above the estimated cost of living at the pre-war standard looks at first to be very liberal indeed; but the following items have to be paid out of it or charged against it:

Approximate 1920 war taxes ..... \$5,000,000,000

Increase in consumption of luxuries (estimated) ..... 5,000,000,000

Personal savings at pre-war rate of 9 p. c. .... 5,059,800,000

Total ..... \$15,059,800,000

Just at the time when merchants and producers were forced to hasten the sale

of their products because they could not borrow more money at the banks, the spending money in the hands of the people ran short. According to estimates, the shortage was at the rate of about \$4,000,000,000 per annum or \$338,000,000 per month. Hence it required extra persuasion to sell goods, and there was nothing to do but cut prices. The question of overproduction or underproduction was immaterial, for our business

concerns as a whole had to have funds to meet pressing obligations, and could not get these funds except by hastening sales.

**FEATS IN WIRELESS TELEPHONY**

(New York Evening Post)

The wide attention given the wireless conversations which the steamer Victoria has been holding from mid-Atlantic with both England and Canada is an indication of the slowness with which the new means of communication has been developed.

In 1913 wireless telephony was successfully carried on in Italy over a range of 250 miles and inventors declared that it would soon be in general use. In 1915 the voice was carried by wireless from Arlington, Va., to Honolulu, 4,800 miles distant, and a little later from Arlington to Paris. In 1916, anticipating recent achievements in Europe, De Forest transmitted musical selections by wireless for distances of a score of miles or more. Two years later considerable telephone conversations were held between Canada and Ireland and Washington and Paris. Wireless telephony shared in the development that so many recent inventions received during the war and was extensively employed over short distances by sea, land and air forces. Nevertheless, its progress since 1912 has not been what sanguine people hoped. If it had been, the press would not be giving headlines to an account of how im-

perial press delegates on an English steamer talked over several hundred miles of waves with ease.

Wireless telephony will have come into its own when it is used on a large scale for commercial purposes and supplements wireless telegraphy as effectively as the latter now supplements the

electric cable. That hour seems near. Marconi made his first fully successful experiments with wireless telegraphy in 1895, but it was not until 1907 that a public commercial service was established across the Atlantic. A little more time and conversations like the Victoria's will be too commonplace for notice.

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## How Soviet Russia Is Compelling Recognition

In all the fighting that has been going on in Eastern Europe and in the negotiations involving Moscow and Warsaw and Paris and London there is but one certainty, observes the New York Globe, that is, that the situation is approaching what we may call a "show down." "Shaking hands with murder" is Lord Northcliffe's phrase, but as the New York Sun is forced to agree the murderer is now in a position to say whether we shall shake hands with him or whether war-weary Western Europe must take arms against him. Strange as it may seem, says the Sun, "the international vagabond of 1919 has gained the amazing position of being in control of European stability, and perhaps of World stability in the year, 1920."

The Russian situation is the biggest problem that America and the rest of the world has to face today, and in the leading article in THE LITERARY DIGEST for August 7th, the most recent phases of this perplexing complication is dealt with comprehensively.

Other news articles which you will be interested to read in this number of "The Digest" are:

### Why the Interchurch Movement Failed

A Summary of Opinion From the Religious and Secular Press on the Collapse of This "Greatest Protestant Effort of all Time"

- Woman's Part in the Election  
A Cup Victory That Cheers But Does not Inebriate  
Higher Freight and Passenger Rates Coming  
A Greater Steel Strike Predicted  
The Open Shop in Politics  
Ireland's Three Voices  
Germany's New Rich and New Poor  
Why Italy Grew Cold to the Allies  
The National Chinese Puzzle  
The Causes of Earthquakes  
Putting Cartoons to Work  
How One Firm "Captures" and Trains its Salesmen
- Topics of the Day  
To Save Westminster Abbey  
Jarring Views of Cultural Conditions in Russia  
Japan Conciliating Korea  
We Are Losing Trade Chances in South America  
National Debts of the World Compared  
Eugenie "Queen of Sorrows," Once Empress of France  
"Umbrella Mike" on the Job  
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