

average wholesale price in New York rose 61.9 per cent. from July 1st, 1896, to January 1st, 1910, and since that time it has risen from six to ten per cent. more, whilst the increase in retail prices has been even more marked. Sauerbeck's index gives the increase as 20 per cent. in England, and our own Labour Bureau as 33 per cent. in Canada, during the last ten years. In the United States, however, the cost of living is 38 per cent. higher than it is in England, and 20 per cent. higher than in France. There must, then, be local as well as general causes at work.

There is this, however, to be said. So long as communities trade amongst themselves, the cost of a commodity is not confined to the country of its origin. In European countries which import foodstuffs from the United States, the cost of living is governed by the cost of producing those commodities in America. In so far as the foreigner pays the tax, the cost of living is increased all round, each nation being foreign in respect of all others. We must distinguish between industries and industry. Men may be industrious when they had much better be idle, if they labour under natural difficulties so great that the price of their product is prohibitive. In so far as a protective tariff encourages this tendency, it increases the cost which must be borne by the mass of the community. In other words, the industries which require encouragement for their maintenance must be encouraged at the expense of those which are inherently profitable.

Another favourite explanation of the rise in prices is the increased production of gold, and in 1896 a large part of the people of the United States wrought themselves into a frenzy because they believed this fallacy. It is not the production of gold which increases prices but the performance of those who spend their neighbour's savings in the search for the "precious metal," as the newspapers describe it. The whole country is turned into a mining camp, where prices rule high, whether gold is being found or the mines have been merely salted. The increased cost of living is