

hitherto little considered. The inevitable effect has been to establish higher buying prices for butter, eggs and poultry during periods when under earlier conditions they broke badly in price. Through these conditions producers have secured much higher prices. Such results are inevitable, indeed, the whole cold storage and refrigerated transportation policy of the present Minister of Agriculture has been conceived to this end.

The opening of the Northwest and the influx of new settlers, and the development of the mining camps in New Ontario, have increased in a very remarkable way the demand for farm products in this province. Years ago when fowl were abundant in the fall of the year, they were disposed of in large quantities upon this market and Montreal, through commission houses, and sometimes at very cruel prices. They were badly handled and badly sold. The result was that notwithstanding handsome profits to the retailer, consumers secured poultry for two or three months in the year at very low prices. Now large dealers have their agents through the country instructing farmers how to dress their poultry or are themselves dressing it for them. The market which they first secured for such product was in Great Britain. This year not one bird has been shipped there, but all the surplus has gone to the Canadian Northwest. I know of one firm alone who made a contract to deliver 42 carloads of poultry for shipment west, for distribution from Winnipeg to the British Columbia coast.

It is noticeable that in this presumably producing country, we have practically no surplus butter for export. By reason of the marked improvement in the quality of butter through manufacture in creameries, the consumption at home has greatly increased. In addition there has been the added demand from New Ontario and the West. The consumption of milk, too, in big towns and cities, owing to the great increase in the use of cereals, has taken cream which otherwise would have gone into butter. A few years ago tens of thousands of cases of eggs were exported to Great Britain. During the past years not one case was sent out of the country. All were required for home consumption, the added demand coming from the West and the mining camps in New Ontario.

The real situation in Ontario is that new markets of large dimensions have recently been opened for her products in the West, with its new settlers and railway construction, and the mining camps in New Ontario. At the same time a greatly increased outlet has developed in the towns and cities of the province, by reason of the steady increase of the non-productive population.

I think this letter states very clearly what has been one of the causes of the improvement of the condition of the farmers of this country which has helped to make more profitable some of the business in which the farmers have been engaged. But there have been other factors that have helped to take away in part some of the advantages which the farmers would otherwise have had. The greater difficulty

of securing farm labour and the higher cost of labour have taken away much of the advantage which perhaps the farmer would have gained from the better arrangements described in this letter. However, the important point to consider is that much of the increase in prices that has taken place is simply an index of the greater prosperity that has resulted from a better policy in the interest of the farming community of this country.

There are other causes that have also contributed to the rise in price. First of all, we have the great extravagances of the wealthy class. Under the conditions of development and expansion described, opportunities have been afforded to investors, to the possessors of great natural resources, and to those who have had to do with their development and the distribution of products and produce, a means of acquiring wealth such as comes but seldom to a people in the life of a nation. Unfortunately, the riches thus reaped do not always become generally distributed; while the prosperity is real enough, it somehow seems to converge into the hands of a few. This wealth so suddenly, and in many cases so easily acquired, has given rise, not infrequently, to standards of living to which its possessors were strangers a few years before. Money easily obtained has been lavishly displayed and spent, sometimes on more and better food, sometimes on more and better clothes, often on more and dearer luxuries.

This extravagance of the rich considered in all its bearings, and in particular of what it has demanded of its host of imitators, has done much to enhance the cost of living. Wealth centred in the hands of the few has helped to determine the price at which the many have been obliged to pay. The result has been that through the extravagances to which I have referred, we have come to have large demands for certain classes of commodities that are not commodities that are produced for the mass of the people, and capital which would otherwise have been invested in those things in which the mass of the people are more interested has been withdrawn from those occupations and been put into such businesses as making automobiles and the like in order to supply the demand of those who have become very wealthy. It is in this sense that it has been well and truly said that the high cost of living is the cost of high living or the cost of living high. So much by the way of general statement.

To examine in a more critical and scientific manner the causes of the increase in the rise of prices, it is necessary to consider first what prices in reality are. Rightly understood they are the value of commodities in terms of gold. It follows, therefore, that whatever effects the relation

of commodities to gold in the matter of supply or demand of either of these factors will have its effect upon prices. Prices are the result of an equation of which commodities and gold are the two factors; an increase in the former relative to the latter means a lowering of prices, an increase in the latter relative to the former an increase in prices. That the supply of gold has vastly increased is a matter of statistical record. That this increase relatively has been so considerable as to affect prices is the belief of many leading economists, among the number such eminent financiers as Sir Edgar Speyer, who recently paid us a visit, and such eminent authorities as Professor Taussig, of Harvard; Professor Fisher, of Yale, and Professor J. B. Clark, of Columbia. In fact, there is practical unanimity as to this being one of the main causes.

When we look at the gold side of the question, we find that the total gold production in the world has been doubled in the last decade, and that ten years ago it was practically double what it had been ten years before that again. Against the increasing production there is, of course, to be placed the increased amount of gold necessary to meet the needs of a population vastly larger, and further, the large amount of gold consumed in the arts, though the increase in the amount of gold used in the arts is, I understand, estimated by the best authorities to be considerably less relatively to the amount in use as a medium of exchange.

This is a circumstance of course which sooner or later comes to affect all countries alike, for the flow of the precious metals is such that though invisibly and imperceptibly, they gradually tend to find their level in all parts of the world. This cause may account for relative increases over periods of time, but the causes which account for actual prices in different countries are necessarily of a different nature.

There is, however, a further influence closely associated with the production of gold, which, however, is more impalpable and incalculable, and which comes into play in the shape of credit, by virtue of which one comparatively small quantity of gold does duty for vast movements of currency. The service which credit can render in this connection is enhanced in this country by the splendid system of branch banks which extends throughout the country. Credit, of course, rests primarily on confidence, which in turn, is based upon the actual or prospective wealth. The extent to which credit is likely to play a part in affecting prices will depend upon the degree of confidence in the business community. The whole level of prices will be found at intervals to be swayed according to the confidence or timidity of purchasers and investors. The rapid recovery

from the panic of 1907 is attributed by many to the increased confidence which this increased organization has been able to produce.

Leaving now the gold and credit side of the equation, and coming to the commodity side, there are a variety of causes connected with the demand and supply of commodities all of which have their effect upon prices. Everything that enhances the demand, the supply remaining the same, is likely to increase prices; everything diminishing the supply and the demand remaining the same will have the same effect.

I have already made mention of the extravagance of the rich, and the increased ostentation in display, in some respects the criminal extravagance of our wealthy classes, and the great luxury, and higher level of living of all classes. Within a lifetime the scale of living in North America particularly in towns and cities has been revolutionized. The luxury of yesterday has become the necessity of to-day. For the very wealthy take automobiles alone. What is believed to be a fair estimate of the output in the United States for one year is 160,000, while the output for the past seven years is placed at over 400,000.

But to come to the standard of living of the average man. Our homes are more commodious, and better furnished than they were, equipped with all manner of conveniences unknown to our fathers. Electric light has taken the place of the kerosene lamp, furnaces have replaced box stoves; we travel, not on foot, but by electric car; children enjoy educational advantages which were not within the reach of their parents. Much shopping is done by telephone. Proprietary goods have taken the place of staple food products. Amusements and diversions have gained a hold on the people which they did not possess before. As a slight but forcible illustration of the difference in standards, let me mention one fact brought to light by the prices investigation conducted in the Department of Labour, to which I have already referred. The inquiry shows that there has been a marked 'lifting' of the popular taste in the matter of cotton goods. Some coarser lines of goods which were in demand twenty years ago are not now manufactured at all, there is no demand for them; the class buying such goods twenty years ago now buy goods of better quality. The present goods cost more than those of the past, but they are as a matter of fact in most cases of considerably better quality. Unquestionably a change in the standard of living has been brought about with the large increase in our scale of expenditure, an increase which the credit system has helped to enhance.