

Loss Leaders

By Joseph Linder Mottidge
The seemingly inevitable result of trying to keep everybody prosperous by interfering with the efficient and once-popular law of supply and demand is to set up the government in a highly unprofitable business. This means that every one of us must have some part in the discouraging adventure.

The idea begins with wanting prices to remain high after the cause that induced the high price has largely disappeared. The war brought an enormous demand for farm products. It also provided new purchasers who could not, and did not, haggle over prices. Now, and quite naturally, those who received the high prices do not want to take less. That is very human and understandable but it involves a policy that, in all probability, will be vastly more costly to us than any natural decline in prices could be. You can argue, of course, that the cost will be more evenly born. That is true. Everyone will share the loss, though not everyone benefited.

Government decides that, whether or not, prices will stay up. That is what is meant by floor prices. But such floors, without the huge supporting demands of war, are likely to sag. Then there are two alternatives, either the public will not buy until prices have reached a level they think reasonable or government must step in and purchase, thus creating an artificial scarcity that may make the higher prices seem inevitable.

That policy has been thoroughly tried in the United States and the government there is now in business with no possibility of profit. At the time of writing these are some items in the government's purchases: 37 million bales of cotton, 182 million bushels of wheat, 78 million bushels of corn, 50 million bushels of potatoes, 71 million pounds of dried eggs, 160 million pounds of dried milk, an unstated number of millions of pounds of butter and 30 million pounds of canned meat. None of these commodities did the government want. All of them represented a serious problem of storage, and, what was more significant, tremendous losses. At the end of January these adverse transactions had resulted in losses totalling \$3.7 billion, with the prospect that by mid-year the loss would be almost doubled.

A similar effort on the part of our government would not only shut out many natural purchasers, but at the same time would load these purchasers with a resulting debt. It is rather hard to believe that a policy that is so costly and so wasteful is a reasonable substitute for a system that establishes a price on the basis of available goods priced within the reach of the greatest number of people.

METAL LAUNDRY

In its odd business series The Financial Post reports a Toronto engineer who is doing very well taking in washing. But he "washes" steel, iron and brass, not clothes, at his Metal Laundry Ltd. in Toronto's industrial area. There he takes in worn, rusted, paint-covered, muddy metal parts and turns them out looking like new. The Metal Laundry "tub", a shot blasting machine, weighs about four tons. The washing is placed in an inside cabinet of about five cubic feet. Closed up, this revolves and fine steel shot—so fine you can just make out the individual pieces—cleans off the metal. It takes three to ten minutes to clean a wash.

CITY OF COMPUTERS

London (England) Transport estimates that each Londoner takes on an average about 480 rides a year covering some 1,340 miles. The system carries 4,700,000,000 passengers a year which means some 13,000,000 journeys a day. This represents an increase of 50 per cent in travel compared with prewar days.

The first Bible printed in America was printed in the Indian Language.

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Administration Costs Leave Little

During the past year there has been relatively little unemployment in Canada yet we are told that the cost of administering the federal government's unemployment insurance fund amounted to \$17,000,000. Senator W. M. Aseltine, of Saskatchewan, has suggested in a speech in the upper house that the Senate Committee should investigate this enormous administration cost. Senator Aseltine points out that contributions to the fund by employers, employees and government in 1940 totalled \$130,000,000, and administrative costs therefore amounted to about 1 per cent. of the total, a condition which the

Senator described as "shocking". If Ottawa has been able to spend \$17,000,000 to handle unemployment insurance at a time when the principle work of the department must be collecting payments from workers and employers, we wonder what administrative costs will amount to if large unemployment occurs and the department has the additional work of returning the insurance contributions to Canadian workers. If ordinary insurance companies had to waste as great a percentage of premiums in administrative costs there would be little cash left to provide benefits. Senator Aseltine's suggestion of an investigation of the fund's administration does not seem at all unreasonable at this time.

The Dominion of Canada was established in 1876.

URGES REVISION OF THE OUTDATED TARIFF LAWS

Complicated and out-of-date customs laws, passed during the depression and still on the books, have the net effect of shutting off foreign markets from American manufacturers and farmers, says Jerome Beatty, urging an overhaul of outmoded U.S. tariff regulations in the March Reader's Digest. The article is condensed from the American Magazine.

The U.S. has made available to foreign nations \$7 1/2 billion worth of farm and manufactured goods under Marshall Plan. Yet when these nations try to sell the United States their goods for dollars with which to buy American exports, every obstacle is put in their way, Beatty charges.

Among the obstacles are endless red tape and overzealous Customs officials. Absurdities in U.S. Customs Department evaluation—tending to discourage imports from other nations are legion. Of many cited in the article, one concerns a radio network which imported a recording of famous foreign church bells. The radio people believed, of course, that they were bringing in a phonograph record. But the U.S. Customs Department ruled that the "chief value" in the record was its sound, and assessed a duty under classification of "church bell and gong."

A U.S. linoleum firm paid \$97.67 duty on a shipment of asphalt tile imported from Canada, laid the floor and thought the deal completed. Then American Customs stepped in, made a chemical analysis of the tile and discovered synthetic resin. Under this classification the duty was raised to \$940.05.

The Reader's Digest article quotes Harry S. Radcliffe, a top authority on imports, "If Congress will revise the customs laws adequately, imports will increase at least a billion dollars a year."

FROM OUT OF THE DARK

Uncle Bob lives in a small town, at the end of a street known as Lover's Lane. One night last summer he had gone to bed, but not to sleep because his dog kept barking every few minutes directly under the bedroom window. Finally Uncle Bob went to the window and called out sharply, "Hey Buddy! Cut that out!"

The barking stopped and in the ensuing silence a young man's voice said meekly, "Yes, sir."—from Life's Like That in The Reader's Digest.

CAREFUL PLEASE

As mother and I strolled past one of Milwaukee's exclusive hotels, we noticed standing at the doorway a beautifully coiffed French poodle leashed to a very correct chauffeur. Mother stopped to admire the poodle and couldn't resist patting his top-knot.

"Madam", said the poodle's guardian, austerely, "if you had just come from the beauty salon, would you wish someone to run his fingers through your hair?"—The Reader's Digest.

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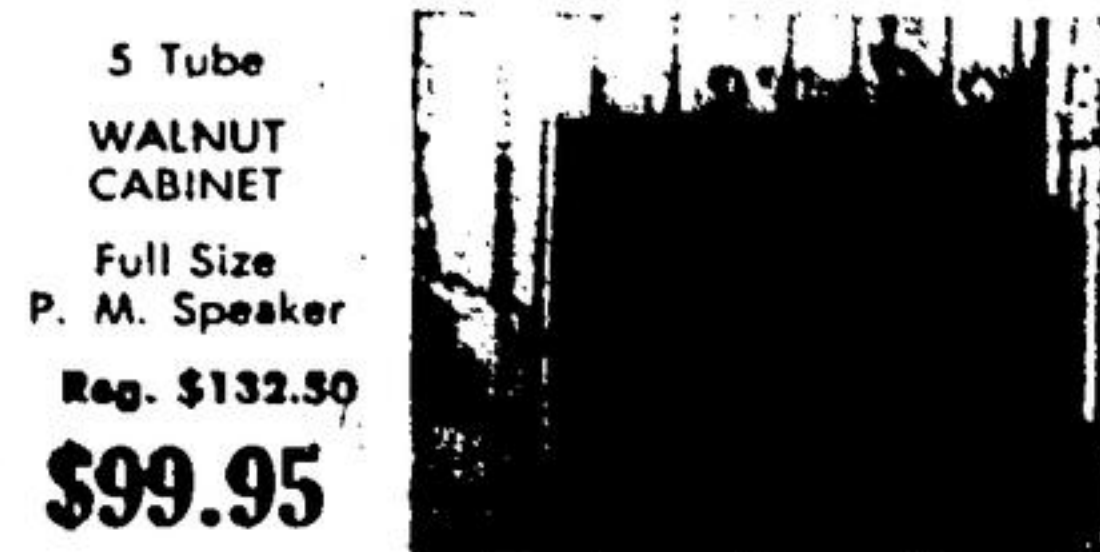
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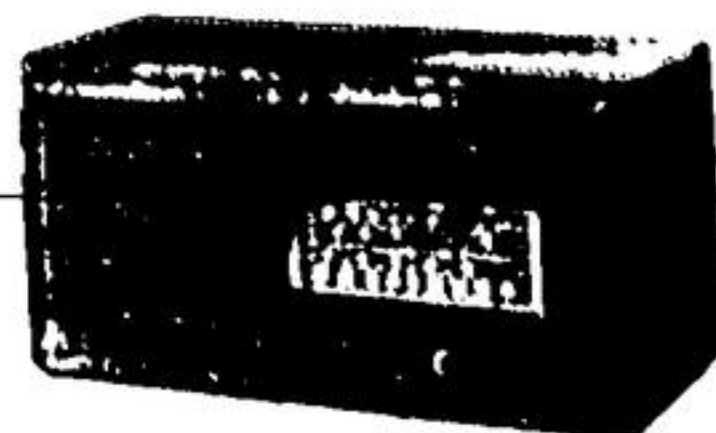
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