

CAUSES OF THE DEPRESSION.

The facts have been set out and it is now necessary to ask what are the causes of this general depression.

Is it due to the lack of demand for our goods or to the fact that those who would buy cannot pay?

Or is it due to the fact that we do not or cannot produce the kind of goods which are wanted or that we cannot produce them at a price which tempts buyers?

Seeing that many parts of the world are not yet developed, it is hardly possible to suppose that the world as a whole is yet "saturated", that is, has as much of the various kinds of goods we produce as it could use.

As regards ability to buy, it is clear that if a particular article is urgently needed or can be profitably used the means will somehow be found to buy it in some market.

It is not true that we do not or cannot produce the kind of goods for which there is a demand.

What does appear to be true is that we do not and cannot make the desired goods at such a price as can or will be paid for them.

NEW FOREIGN INDUSTRIES.

It must be remembered that many other countries now produce goods which they either did not produce at all before the war or did not produce in the same quantity or quality.

Some of these countries have started their own industries instead of buying from us and have put on high tariffs in order to shelter them while they are growing up. Then, as they grow up, they try to export the products of these industries because, as in the case of our own industries, the larger the output that they can sell at home and abroad the lower can be the price.

Moreover, in some of these countries, cash-wages are much lower than in this country as has been shown in the case of iron and steel.

STANDARD OF LIVING.

This does not necessarily mean in every case that the standard of living is lower, if conditions like climate, national habits, and so forth, are taken into account.

Arthur Young, the famous traveller, pointed this out in connection with France as far back as 1787. He wrote on June 12th of that year "England ought to be the cheaper country. What