

we meet with in France is a cheap *mode* of living, which is quite another consideration ”.

It is clear for instance that in a climate where little or no heating is required, where rope-shoes can be used instead of much more expensive leather boots or shoes, and less and lighter clothing is worn, less money needs to be spent in such ways.

It is a *different kind* of living rather than a *lower kind*.

And it is useless to expect that such differences will be much altered either by international agreement, by trade unions or by treaties at Geneva or elsewhere. We have to reckon that in this country climate and habits will at all times cause a *mode* of living costing more in cash than in some countries which now compete severely with us in industrial products.

But it is the difference in wages paid in cash, rather than the difference in what wages will buy which adds to the cost of our goods. For the cash paid in wages and in social services is part of the cost of the goods and has to be repaid by those to whom we sell.

CAUSES OF HIGH COSTS.

In general it evidently is true that our prices are generally to-day too high to enable us to compete successfully.

There are some causes of high costs of production which affect British industries generally, and some which affect one and not another, or one more than another.

But there are some general and national causes of high costs in industry at which it will be useful to look.

Among these are *Wages ; Taxation ; Local Rates ; Trade Union Restrictions ; Difficulties or costs caused by legislation.*

TAXATION.

It is not possible to enquire into the effects of taxation without taking into consideration the reasons why it is imposed. It is not proposed to deal here with the National Debt, of which by far the greatest part represents money borrowed during the war. The interest has to be paid by the taxpayer. It may be possible to pay off some of the money borrowed with money borrowed at a cheaper rate—that is by “Conversion Loans”—but the prospect