

## THE CONSUMERS' STRIKE

*Mar. 29.*

MARKED attention has been directed to the strike of consumers through the report of the National Employers' Federation which was published yesterday. In endeavouring to explain the present slump in trade the report expressed the view that it was due to "a curious worldwide psychological movement which suddenly induced millions of people in all countries, largely unconsciously, to refrain from buying until they could buy cheaper." That is an extremely interesting opinion, indicating a marked reaction from the orgy of spending which occurred after the armistice. It may be asked however, whether this explanation covers the whole ground and is in itself absolutely accurate. For one thing the buying power of the people at large has suffered contraction, they have taxes to pay far in excess of anything the world has ever seen before, and to that extent their ability to purchase is so much reduced. Further, the fact of the breakdown of international credits is to be remembered, which is so serious that the League of Nations has been trying hard to find a way of re-establishing them. It has not yet succeeded, nor will it easily do so for bankers know only too well that paper credits are futile and that there must be some genuine security at the back. This is what the Ter Meulen scheme, now before the League, hopes to secure, and it may be said that if the League succeeds in establishing these credits, it will have gone a very long way in justifying itself in the eyes of

the world. But until these credits can be opened trade will of necessity be depressed, and the slump will have every chance of continuing. These are points to be considered in close conjunction with the psychological movement noted above.

Another phase of the world to-day, even more curious than the other, should have attention. The consuming public is on strike against high-priced articles, but a section of the same public is also rioting in gaiety. There seems to be an absence of money for legitimate trade, but no such lack for the purposes of pleasure. One need not go beyond Shanghai for confirmation of this statement. Probably the port was never so gay as it is at the present moment, and compared with a few years ago the number of places of amusement, whether for theatrical performances or dancing, has enormously increased. Reports from other large cities of the world tell a similar story, in spite of the fact that we are in the throes of a very bad crisis. It is the strangest possible anomaly, and it seems fairly safe to conclude that the money of the world has got into the wrong hands, or at any rate into the wrong channels. Certainly it is not being put to its normal uses, and so long as that state of affairs continues, trade will remain in a more or less precarious condition. Ultimately we may presume that things will right themselves, that the crowds whose gaiety seems to provide the only lucrative business in the world will run short of cash, will perforce have to cut down their one-sided extravagance, and generally speaking will come to earth with a thud. Then perhaps we shall be able to get back to business as usual.

The sooner this happens the better, or the world will dance itself into a bigger mess than it is in already. Then that other phenomenon must end, this strike of consumers, for there is a very great danger of its going too far, if in many cases it has not already done so. Too many commodities have been forced below the present cost of production, and in some instances they are below pre-war costs. That is an untenable position which will ultimately bring about such a severe shortage that prices will once more bound up and all the dire evils of inflation will have to be encountered anew. It is not suggested that this strike of the con-

sumers has been pernicious, in fact it has had a salutary effect in putting an end to the inflation already in existence, but to-day it is liable to cause a too rapid deflation which must bring disaster in its train. This deflation has also been helped by the action of the banks in generally adopting a policy of severe restriction of credit. This was a useful measure up to a certain point, but the opinion of merchants to-day is that it cannot be continued without seriously imperilling the chance of an early revival of trade. If these different movements are counteracted within the next few months there will be a chance of more stability all round, but it is as yet too soon to say that daylight is showing. Much liquidation of the high-priced goods the world has been producing during the last two years has to be carried out before we shall know how we stand, and the uncertain attitude of Labour must never be left out of consideration. Concessions in wages must be made, and while in many sections Labour is already showing a spirit of compromise, one section still seems as ready as ever for those catastrophic battles with Capital which have already wrought so much harm.

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