

CAUSES AND REMEDIES FOR THE HIGH COST OF LIVING.

A REPLY TO PROFESSOR IRVING FISHER OF YALE UNIVERSITY.

(For the Review.)

By WILLIAM A. WOOD.

The programme of the distinguished professor of Yale for the checking of the upward tendencies of the cost of living is to be set forth in the proposed journal, "Index Visible." The plan has been announced in public addresses, one of which it was my privilege to hear and discuss. He has read the MSS of this essay and has replied thereto.

In his judgment, what the country needs is a monetary gyroscope. He wants to retain the single rail system (the gold standard) by constructing a mechanical device in the form of a stable dollar, the American unit of currency; that is, for this nation. The plan is to have a "register of measurement" whose subtle workings will be automatically influenced by the rise and fall of prices. Once a month, say, by cable, the ruling prices of the necessities of life will be flashed to all nations, and then, by the resumption of the ancient system of seignorage, the price of commodities will be steadied and kept at a normal grade.

"PURCHASING POWER OF MONEY."

Discussion of the plan is accompanied by or based on what is called the "purchasing power of money." In what sense money can buy any thing is not clear. The use of money is a function belonging to men and a function which can not be delegated to inanimate things, in the way that one can grant to another the "power of attorney." Such confusion of thought is all too common, as when people speak of money earning some thing, such as "rent," or "interest," or "profit." In persons alone resides the power to purchase in any bargain and sale. In economic history we take cognizance of two sets of facts; namely, persons who act and external things which are involved as movable factors in these actions. A man's fishing outfit is assuredly something other than himself. And so with his money. *He* fishes, not the tackle; *he* buys, not the money.

Briefly, the present weight of the gold dollar is to be retained at 25.8 grains, but the bullion dollar is to be lifted to "26 or 27 or 28 grains of gold bullion to be taken to the mint to secure a 25.8 grain dollar." What would

happen would be that "the adjustment of the seigniorage would be entirely automatic, dependent on an official index number of the price level."

THE DEEPER CAUSES.

The *Independent* itself concedes that this plan "does not attempt to control the deeper causes but simply to register their measurement." It is for that very reason that the method carries an inherent weakness, because it is not a proposal that will "lay the axe at the root of the tree." It is in these "deeper causes" that the bases of the problem are to be discovered, and until they are examined and classified, efforts to check the rising cost of living will prove futile. If the controlling of the cost of living is in the stability of the purchasing power of the dollar, then this single standard, as an economic gyroscope, is but part of a larger machine and the single part must be governed by the factors within which it itself operates. In a state of freedom of trade, the equation in a bargain and sale is determined by two factors; to wit, the price which the buyer is willing to pay, and also the influence on this price by the ratio in the law of supply and demand.

Thus it must be seen that the "price level" is either free to be moved up and down by mutual agreement, or else it is going to be regulated by some factor exercising a virtual monopoly in that regulation. This is our problem. To measure its scope we must retrace our steps to some self-evident process of economic history which may be taken as a base in fact; which unit, when rightly interpreted, may be taken to form the foundation for the economic whole. Thus, to determine the real causes of the high cost of living, we must find first of all what are the primary and absolute factors within the entire problem and not leave the gyroscope out of its normal and governing elements.

MONEY A TOOL.

Money cannot of itself have any purchasing power apart from its use as a tool in the hands of men. All that exists, in our economic history, is a series of human relations beginning in the simplest forms and growing into our present heterogeneous mass; and outside of us, as useful factors, lie those appliances which Man's wisdom declares shall be construed to stand as tools of trade. Classified with these others, money is, therefore, a tool; wealth is a tool; machinery is a tool; and all trade built upon their use is both here and everywhere a series of human relations having for their primary object the attainment of a given end. And any rational system of Political Economy will set down this end as the satisfaction of desire. And thus far the statements of fact are sufficient to warrant their use in the building of a different argument and appeal.

The problem of the cost of living, with prices running up or down, as the case may be, is logically a problem of human relations; for as in physics,

there are two sets of facts, namely, forces and resultants; so in human society the forces which are kept in motion by men bring us to a series of resultant conditions. If there is any undue pressure, or injustice, which becomes the occasion for a protest, the extent of the pressure upon human life does not of itself constitute the problem. Whether these conditions of living, now so oppressive and irritating, are narrow or world wide, is not of the essence of the question. Protest may not be made nor any action taken until there is a general furor; but the vigor and area of the confusion is not of the heart of the inquiry. To wait until the misery spreads over the world is unwise and cowardly; the task is in its inner essence and not in the acreage over which the evil is diffused. Our duty, as Wendell Phillips said, is to approach the question fearlessly; to analyse it, to criticise it, to tear it open and riddle it with light.

THE ESSENTIAL TRUTH.

The essential truth, on which the whole problem rests, is in the natural right of every human being to the ready access to the necessary means of his sustenance, that by such access to his natural habitat he may have opportunity to attain the satisfaction of his desire. All other phases are subsidiary and superficial unless they are indissolubly linked with the supreme question of the hour. And any discussion which does not rest back upon this primary and natural right of Man will afford no solution for the most engrossing theme which now insists upon receiving adequate treatment at the hands of thinking men.

I propose to show, first, that the determining of the causes of the high cost of living is to be governed essentially and perhaps wholly by a rational knowledge of the true bases of the economic life of Man.

THE HISTORY OF THE HUMAN RACE.

The history of the human race is a history of a human record, and so soon as man began to make a record he began to make an economic record. This record was made and is still in the process of making within the limits of Man's environment; that is, it is a record made upon the surface of the Earth and solely with the material which Nature places at Man's disposal.

All the primary elements of that record remain "unto this day." They have not changed in their essential nature. Any departure from the earlier methods of handling them is due to the development of the genius of Man the better to accomplish his purpose with the tools of trade which he fashions for his use. The elemental facts of that record were, and are now, the supreme demands of the organismic life for "food, raiment, and shelter."

For the satisfaction of these needs the record shows and continues to show that in the Earth alone can those materials be found whose use supports the

members of our human race. It is on this base, this elemental fact, that the pyramid must rest. There is no chance for dogmatism in this statement; when dispassionately viewed it is all a matter of plain, every-day fact. Any delusion relating thereto will be quickly dispelled by attempting to furnish such "food, raiment, and shelter" without securing the raw material stock from the superficies of the Earth. Neither "Capitalism" nor "Monarchy" nor "Republic" has ever devised nor can devise a system of laws whose provisions will free Man from the necessity of finding in the soil and water and air the elements of his life. And inasmuch as Mankind is so absolutely governed by this iron law of necessity, then each individual member of the race is a free born inheritor of these supplies on equal terms with all other members. In legal phrase, "he is and of right ought to be."

To continue his life the worker, therefore, must have recourse to the natural deposits of the raw material supplied for him by Nature. He is, in fact as well as in figure, a member of the crew of a real airship. All that he can ever make use of must be secured by implicit reliance on the extent and quality of the resources which this big airship furnishes for him. There are no bases of supply for any of us as explorers of the air that may be secured by stepping off the Earth to some other planet. There are no caches on this journey whose "goods, wares, and merchandise" bear other trade mark than that of Earth. In his dependence on these goods and in his right to them, every child is born the equal of every other child; a proposition whose validity no one will care to deny. For to deny the right to the use of them is to deny the right to life.

This first truth in the inquiry as to the cost of living remains a fact whose offer as evidence in the study of the causes is supported by indubitable proof.

Now the history of our human kind does not show any evidence that Man has ever devised a scheme to procure any part of the Earth's resources without an expenditure of human effort. In the making of this economic record, the work which Man performs upon the bosom of the soil constitutes an economic force in human society, producing a resultant co-extensive with Man's knowledge of the laws and conditions of his habitat. That is to say, there is no other way to raise potatoes except to plant the seed, care for the crop, and then reap the harvest. And whether carried on by hand or machine, with simple hoe or skilfully devised planter or digger, it is still the human factor that raises the potatoes by pooling his own efforts with those of the silent yet powerful partner in the firm. Nature plus Man spells everything in the building of any civilization. Man alone is the creator of the world's wealth; any device, simple or complicated, constructed as a means to an end, is but the result of human thought moulded in concrete form, that this end of wealth production may be accomplished in the best possible way. We are cognizant, therefore, in legal phrase, of two sets of facts; of "rights in rem" and "rights in personam;" that is, things and persons. And in Economics as in Law, things always stand off outside of human beings, but stand to them in legal relations.

If the assumption based on these elemental facts is valid, any man can reason for himself that what flows from the union of Man's labor in connection with the forces and materials of the earth, is, essentially, so many concrete goods produced to satisfy human need. In other words, Man seeks to create wealth that with it as a means to an end he may furnish body and mind with the continuing ingredients of his life.

Having, therefore, due regard to the logical order of the record, the scientific approach to this phase of the problem will yield us the true definition of wealth.

WEALTH.

Wealth consists of the raw materials of the earth, extracted by human labor, and fashioned to meet the needs of the human race.

On its practical side, it is around the question of the distribution of the world's wealth that the discussion rages. The popular demand is for an increase in the purchasing power of the dollar, so-called; actually it is for a more equitable parcelling out of wealth in order to secure which a larger wage fund has become necessary. This is but temporary relief. The competition is such that the chance to secure the wage has become as acute as the pinch caused by the decreased value of the dollar after it is secured; which is only a restatement of the central and vital question that after all it is in reality the matter of a man's ability to get access to the means of life.

The primary economic facts thus briefly stated are averred as confirming my first proposition; to wit, that the determination of the high cost of living is to be governed essentially by a rational knowledge of the true basis of the economic life of Man.

The next important step in Man's economic record is the exchange of wealth so far as persons can agree mutually upon the terms of a bargain and sale. This is commonly known as "barter" and ranks as one of the early steps in the development of the commercial relations between the parties to a contract. Evidently this method could not hold its own in the growth and expansion of civilization. Bulk is the chief physical characteristic of most of the world's wealth. Trading article for article became in time a cumbrous method. Some scheme to facilitate the exchange was apparent, hence the origin and development of the money token. "Wampum" it may have been called, or anything else, for that matter, if it only served the purpose for which it too was fashioned. It then became a representative of wealth and also a part of the wealth of the person or tribe. And only in so far as money is a representative of wealth can it find its true place in a normal method of exchange by the parties to an agreement; since money in any form can be none other than a means to an end. That end is the expeditious exchange of wealth. In all phases of economic activity, the trade of the world is goods for goods, the money token playing the part of the medium by which the transaction as a form of mutual trade is carried into

effect. Seen in clear relief and stripped of qualifying relations, men do not work for money, but for what the money will bring. The object of the "money use" is, therefore, to make it, as well as all other forms of wealth, serve us in the satisfaction of desire.

THE SIMPLE ELEMENTAL FACTS.

I pass over this phase of the question and proceed to indicate two tendencies which flow, in my judgment, from purely human relations and end in the present trying situation now confronting every thinking man and woman.

The money part is not half so difficult of solution as the simple elemental facts which lie at the basis of the real problem. Our vision is obscured by the complex conditions seen at first hand. When these are analyzed they show us the two main facts which I have endeavored to set forth as the basis of my own argument. It is of the utmost importance that these primary facts shall be clearly established, even beyond the peradventure of a doubt; a position which the writer maintains any one can take if he will think through from the essential starting point of any economic question. For the fundamental fact of any problem in political economy must necessarily lie in the question of its origin. What we are now trying to solve in this discussion is, in reality, in the writer's judgment, nothing less than the question of the right to life. This is the ethical aspect of our question and I pass over it as being settled for all time; for who will question the right of any person to the continuance of his life? The common and statute laws of civilized nations show that we all recognize that this right resides in every human being, and that each person is entitled to the protection of this right at the hands of society and under all conditions.

THE RIGHT TO LIVE.

The question of the cost of living must arise from the right to live, for it is by the assimilation of food and the protection against heat and cold that life is sustained. The test question is, how shall this fuel and protection be secured? And to this there are but two answers; that is to say, the man who wants the means of life must either dig them out of the earth himself or else buy them of the man who has. Such a statement ought to pass for its face value, without the call for proof. But if the statement is questioned, any physiologist can furnish abundant bona fide evidence.

My second proposition is, that the remedy for the high cost of living can be none other than the removal of the causes which force conditions to impinge, against his will, upon the burden bearer.

The call of appetite urges man to the satisfaction of desire. "The cause not only of the primary fact of association itself, but of all other human activities, is appetite." (Professor Lester F. Ward in "Psychic Factors of

Civilization.") Men do not voluntarily starve to death. The development of our human kind in the growth of civilization, is in the overcoming of those physical conditions which nature herself imposes. Man must live, and live he will. When he finds his path choked with difficulties he endeavors to remove them.

THE PRESSURE FROM WITHOUT.

The pressure due to the high cost of living is, therefore, from without. The individual is caught in the swirl. Men always seek the satisfaction of desire along the line of least resistance, not by creating obstacles and then exhausting themselves in removing them. Tyranny is not self-imposed by people; it roots itself in love of power and issues in forms of injustice which impinge upon individuals. He who is a slave is not free, let the bondage take any form it may. He who is in bondage will seek to free himself if he can but get his feet on the ground. In the search for freedom and the removal of injustice the remedy can be nothing less than the abolition of the cause.

The causes which produce this outer pressure, impinging, against his will, upon the "purchasing power" of the workingman's dollar, may be reduced to two. These causes reside in the factors which are absolutely essential to the sustenance of human life. They must be perceived and removed if any man who claims the right of legitimate work is to "come into his own." Palliatives may be offered and may prove effective as temporary forms of relief; but, if in the final analysis, our race is to escape the thralldom which now holds the masses in economic bondage, these forces must be checked, as to monopoly control, and ultimately made to serve all instead of ministering to the comforts of the few.

MONOPOLY CONTROL.

These causes are primary and as at present exercised are of the essence of monopoly control. Without the right to the use of these factors in freedom of contract, no man can make a living; for they are, in this sense, the "sine qua non" of the economic record. Their roots strike deep into the history of the past, affording opportunity for the prophecy that it will require as many years to remodel their structure as the world has consumed in permitting them to flow into their present mold. So long as they remain as in effect today, justice cannot be approached nor righteousness reign in the land.

These causes reside in monopoly of land and monopoly of manufacture. They cover the only known means of making a living on the surface of this earth. The first is absolute and primary, the other is derived and secondary. If any individual is shut out from the first he may turn to the second. If he fails in the second he has recourse to a third, namely, the selling of his

labor to those who control the other two. This condition faces the incoming tides of human immigration "labelled from the indefinite past to the indefinite future." And each man who will think for himself knows that more and more the monopoly control of these essential avenues of life is concentrated in a small governing body and that the working man finds his living within the terms dictated by such control.

I submit then, in terms of justice and truth, that no remedy can be effective to the righting of the wrong unless the causes of the wrong are removed.

(To Be Continued.)

BI-MONTHLY NEWS LETTER.

By THE EDITOR.

The Single Taxers have always deemed it more or less of a problem why the farmers of Canada and the farmers of Denmark should constitute the very bulwark of the Single Tax movement, while in this country our teachers have failed to make any very decided impression in agricultural communities. The Washington State Grange, however, seems to be awake to the need of our reform, as the following resolutions which were adopted, will testify:

Our natural resources are worth untold billions to us, to our children and to our children's children, and we must see to it that they are held for the people. The government should hold on to what have not yet passed into private hands and operate them either direct or under short time leases. Those that have passed into private hands should be taxed to the full limit of their monopoly value. Accepting these principles of conservation as fundamental, the details for efficient cooperation are easily worked out."

The California agitation for the Home Rule amendment goes on apace, and has already been endorsed by over 25 city councils. South San Francisco is the twenty-eighth city to fall into line. The San Francisco Labor Council at its last meeting endorsed the action of the Executive Committee in donating to this campaign the sum of fifty dollars a month for three months. Such papers as the *Stockton Record* and *Mail* are giving the movement hearty support.

William N. McNair is the democratic nominee for Secretary of Internal Affairs in the State of Pennsylvania. McNair beat his opponent by over 32,000 votes in the democratic primaries.

Perhaps the most important happening during the last two months is