

The High Cost of Living and Its Cause.

Interesting Article on Present Financial Conditions.

Editor Evening Telegram.

Dear Sir,—It is generally believed that profiteering is solely responsible for the high cost of living. Such an erroneous idea must be due to a lack of understanding of economic phenomena. But before I enter into a discussion of this question, I would like to give an explanation of the term "Capitalism," which I shall use in this article, so that no one will think that I am a "Red."

Capitalism, as you are aware, signifies the present mode of economic production and exchange of goods of all kinds. The fundamental cause of the high cost of living arises from the scarcity of gold, which has become insufficient to perform its function of means of circulation, and necessitates the use of imaginary money. Here we touch the original and mortal contradiction inherent in money.

There is a longing on all sides for a general slump in prices, but it is not realized, apparently, that such a slump would mean the complete destruction of the economic, social and political order of the present day. A longer lease of life for the things that are promised by permitting inflation, as the need of it arises. Inflation, therefore, it shall be. However, a merely transitional form of society cannot be made permanent by following one policy any more than another. As all roads lead to Rome, inflation leads in the end to exactly the same point as contraction—to the social insolvency. A shrinkage in the value of paper money cannot be made good by printing more paper money. No matter how much is printed, the value of the sum of the tokens is not increased one iota, while the value of each unit is diminished. Overwhelming necessity has, nevertheless, compelled all countries to have recourse to this ruinous proceeding on an immense scale, considering the shortness of the period. Yet the same thing was bound to happen, though, no doubt, more gradually, in the perfectly normal course of monetary development.

As the depreciation progresses the amount of the daily deposits of paper money increases. The passage of this money through the banks accelerates the growth of money on account. The swelling of the deposits calls for a relative increase of the reserves. But the additional reserves cannot come from the increased deposits of the depreciated money. Under the regime of gold, when this is the measure of value, the total price of the commodities in circulation calls only for a definite maximum of money. Any surplus of gold or symbols thereof find lodgment in bank vaults, and can stay there for an indefinite time. But it is otherwise under the regime of depreciated paper.

The issue of tokens has been called forth by the needs of circulation, but once they are issued in excess of the economic law, which is the case, they will not return to banks longer than necessary. Their aggregate value is determined by the aggregate of the commodities in circulation, therefore, all the units of the token issue are at all times needed in circulation. Granting that the gold basis has been abandoned, and that the banks consider their own notes, or promises to pay as money, it is, nevertheless,

plain that the gain of reserves by the banks must be small relatively to the growth of deposits.

On the other hand, the strain on the banks becomes more severe constantly, while the reserves grow little, the deposits grow much, and naturally causes a growing demand on the banks for cash. How are the banks to meet the situation? There are two ways. One is to pass new paper money out of the paying tellers' window. This increases prices. Hence the high cost of living—which necessitates the issue of still more paper. It is now the method adopted in nearly all countries. But it is a vicious circle, from which there is no escape until the value of money is destroyed in due course of the process.

The other way is for the banks to reduce their loans and thereby their "deposits." This is likewise a road of thorns. It is clear that if tokens have depreciated, say 50 per cent., the borrower would need to double his borrowing to continue the industries on the established scale. On the contrary, it now has to face the withdrawal of the loans, to the extent that before producers and mercantile capitalists can manage to pay off their bank debts they must reduce their operations. By this reduction of money capital alone, aside from other difficulties, great numbers of workers are forced into idleness.

But many other industrial capitalists are too involved to pay up. Their entire business is founded on the expectation of material support by bank loans. Already the raising of prices strains their capital. Many failures of industrial capitalists of this class would add greatly to the already increased unemployment. But, what is much more important in economics, these failures would go close to the heart of many banks, perhaps all of them. Many banks have outstanding loans to the tune of ten or more times their capital and surplus (one large bank in England over twenty times), so that the loss of 10 per cent. of their outstanding loans would wipe out both their capital and surplus and destroy the "solvency" of such banks.

In the first part of this article, I said that the high cost of living is not due to profiteering. This is an overstatement. What I mean to say, is that the high prices asked for goods to-day are not the real cause of the high cost of living; this is rather the effect of what the same shouters against the profiteers call legitimate profit. Now, since we are satisfied with the present system of business, we should not grieve when this system works itself out in such a way as to pinch us. The root cause of the trouble lies in one of those contradictions of which capitalism is so full. He who wants to understand the cause of the high cost of living will need to probe deeper into economics than blaming it all on the "blood-sucking" merchant. The merchant is compelled to ask high prices for his goods whether he likes to do so or not. He is forced to do so by forces, which I am doubtful whether many of them are very familiar with.

Government regulations, such as Food Control Boards and such like artificial panacea, can never have the slightest effect in keeping down

Takes Tanlac To Labrador on Fishing Cruise

After What It Did For Me I Wouldn't Be Without It, Says Goodwin.

"Just wrap me up three bottles of Tanlac to take with me to the Labrador fishery, for after the way that medicine has restored my health and built me up, I wouldn't be without it for anything," said William Goodwin, well-known fisherman from New Melbourne, Trinity Bay, when he called at M. Connors' drug store the other day.

"When I started on Tanlac I was in such a weak and run-down condition that I could hardly get around and simply had to force myself to work. I had no appetite and the little I did eat always upset my stomach. I frequently had awful spells of biliousness and at times became so dizzy I could hardly stand up, and everything would seem to spin around. I was in a bad fix and although I tried several medicines nothing did me any good.

"Some of my neighbors in New Melbourne used Tanlac with such good results that I sent for some and the way it overcame my troubles was just wonderful. It gave me such an appetite that I was hungry all the time and could eat anything at all without being troubled in the least with indigestion. I gained a good many pounds in weight and before long was as strong and full of energy as ever before in my life. I never have those bilious attacks now, nor the spells of dizziness and in fact feel fine all the time. I've never come across any medicine equal to Tanlac and strongly advise all who suffer as I did to give it a trial."

Tanlac is sold in St. John's by M. Connors; by Reg. Sullivan, Pouch Cove; Sound Island Store, Sound Island; Dennis Flynn, Arundale; J. J. O'Brien, Cape Broyle; J. W. Smith, Baine Harbor; W. A. Burdock, Belleoram; John Morey, Fermanuse; Mrs. Jos. Quinn, Renewa.—adv.

the high cost of living; on the contrary, it's effect can only be in the opposite direction, since more money is required to pay the expenses of the officials of such boards. The Food Control Board didn't keep down the price of sugar. Their excuse for not doing so is due, they say, to shortage of this article, but it is no such thing. There is more sugar on the market to-day than for the last six years. The price of sugar has gone up for reasons that the Board of Food Control neither understand or can control, so what is the use of a Board of Control, when they cannot control anything? You can no more regulate the price of commodities by Government action, than you can regulate the Laws of the Cosmos by Government action. Who ever heard of an artificial law superior to a natural law? Something more than artificial laws are required to reduce the high cost of living, but as we are not ready, psychologically, for this measure, I will refrain from discussing it.

Some say that increased production will solve the whole riddle of the high cost of living, but they do not suspect that over-production was, what philosophers call, a "causating" cause for the high cost of living. Speeding up production will only make matters worse, since increased production calls for the issue of still more paper money, which means higher prices. Aside from higher prices brought about by increased production, there is another greater aspect to the question, and that is, over-production, which means war, and we all know from experience how war intensifies prices.

Government regulations serves the purpose for which they are intended, namely, to keep the minds of the people diverted from the real cause of the trouble. Governments are well aware that if prices are allowed to go up without Government action, the people would begin to investigate the trouble, and there would be a grave danger of their discovering the real cause, which, ultimately, would render the offices of the jumping-jack untenable. But so long as the people can be made to believe that the individual and not the system is responsible for all their griefs and woes, so long will we have grief and woe. But just as soon as the people begin to think for themselves they will have shaken off the first bond that binds them down in the muck and mire, and the dismal swamps at the bottom of the social ocean.

Men fear thought as they fear nothing else on earth—more than ruin, more even than death; thought is subversive and revolutionary, destructive and terrible; thought is merciless to privilege, established institutions and comfortable habits; thought is anarchic and lawless; it is different to authority, careless of the well-tried wisdom of the age. Thought looks into the pit of hell and is not afraid. It sees man, a feeble speck, surrounded by unfathomable depths of silence. Yet it bears itself proudly, as unmoved as if it were Lord of the universe. Thought is great and swift and free, the light of the world and the chief glory of man.—Russell.

Yours truly,
W. L. BUTLER.

Shoal Harbor, July 29, 1920.

TO-NIGHT.—C. C. C. Band Concert, Quidi Vidi Lake, 8.15, weather permitting. The usual collection on the gate.—aug2,11

Special Regatta Offerings!

We are offering special values for the REGATTA that will surely Guarantee your visiting our store. The great assets of this Sale are not alone the big values and reductions offered, but the fact that our goods are genuine and the price right.

Ladies' Silk Dresses

Latest styles in Black and Navy, \$18.50 up.

Also a nice assortment of Muslim, Cotton and Voile Dresses, all at \$7.50.

Silk Skirts

A fine assortment of Silk Skirts at from \$7.90 to \$9.50.

Men's Suits

We have never offered greater values than in this great sale of Men's Suits. A strong statement, but backed by actual facts, present prices of clothing considered, these values are, we believe, emphatically the best we have ever offered since we are in this business.

Prices: \$16, \$24, \$28, \$32, \$36, \$40, \$42, \$45, \$48, \$54, \$57, \$63.

All these are made up from the best materials that will surely satisfy you. Colors Grey, Brown and Blue.

Ladies' White Skirts

Finest materials, made by the best manufacturers, from \$2.90 up to \$8.50.

200 more

Georgette Crepe Blouses

at a very remarkable low price, \$7.25.

Wonderful values, every one of them; of fine quality with excellent style features that make them particularly desirable.

Boys' Suits

We have a fine assortment of Boys' Suits, American Blue Serge, belted all around; beautifully made up. Price \$14.50.

Also Suits in Tweeds; all sizes and all colors. Prices \$10.45, \$14 and \$16.

Summer Underwear

of the finest quality. Sale Price \$1.00 each.

Ladies' Raglans

Made of Khaki Cloth, belted all around; good value: \$9, \$14, \$18, \$24.

All Wool Sleeveless Slip-Ons

Colors Salmon and Saxe Blue. Special Regatta Price \$3.50.

Ladies' Silk Stockings

In Black, Brown and White. Worth \$2.00. Special Price \$1.20 pair.

These are of excellent quality, with double heels and toes.

Men's Shirts

In all shades, soft and hard cuffs, of the finest linen striped. Prices \$1.80, \$2.50, \$2.90.

Also all Silk Khaki Shirts, with collars to match, \$9.50.

We have also White Crepe de Chine Shirts with collars to match.

Men's Soft Hats

In all colors in the latest style, sold at the lowest prices: \$3.50, \$4.00, \$4.50, \$5.50, \$6.50.

We have another shipment of the 25c. Men's Socks that were sold so fast. Make sure to be one of the bargain buyers.

WYLAN BROS.

314 Water Street

All Money and No Work.

"What we want is five hours a day, five days a week and as much money as we can get," says Alexander M. Robertson, latest exponent of the One Big Union idea. He would want something more than that if the farmers decided to work only five hours a day for five days a week. Is Alexander M. Robertson worth more as a man in the community than the thousands of farmers who simply have to toil about all the time, to keep the world from starving? In what quality, leaving the possession of nerve out of the question, does he excel, in comparison with the men on the farms who just now are toiling twelve and fourteen hours a day, lest he and his kind should starve this winter?—Montreal Star.

CHILD RUN OVER.—A little girl named Whelan was knocked down and run over on Saturday evening by a horse and wagon near her home, Duckworth Street east. She had her arm somewhat injured and had to be attended by a doctor.

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Full Arts Course—Also High School and Preparatory Departments. Boarding and Day School.
Ideal, healthful location. Beautiful grounds. Beautiful new, fireproof buildings.
REV. W. B. HINGSTON, S.J., Rector.

B. I. S. Outing.

It will be good news to our young people to know that the popular outing of the Society is to be revived this year at Donovan's, the favorite resort on the Topsail Road, on Wednesday, August 18th. Some of the older boys and girls will recall the happy days spent at these gatherings of yesteryear, where friendships were formed, which with many ripened into a lifelong partnership. The picturesque surroundings at this popular resort are too well known to need description, and the arrangements of the Committee to provide the fullest means of enjoyment for all will certainly make this outing the most attractive event of the season. The Committee is now energetically working to provide for an expected attendance of about 300 people. The supper will be served in the style for which Donovan's reputation is the best guarantee. During the afternoon a programme of sports will be conducted, including Baseball, Football and Running contests. The train will leave town at 3 o'clock p.m. and returning will leave Donovan's for home at midnight. After supper a dance will be begun, accompanied by the ever popular music of the C.C.C. Orchestra. The well ventilated ballroom with the adjoining veranda artistically decorated and lighted, will be a scene of splendor and gaiety on the night of the dance, and hopeless indeed is the bachelor who will be proof against its allurements. Tickets including train fare, supper and dance, will be \$2.50 each, and may be obtained from any member of the B.I.S. and a Committee.

Alford's Linctum Cures Diphtheria.

NOTICE!

Nfld. Government Coastal Mail Service.

S. S. PORTIA will sail for usual Western Ports of Call on Thursday, August 5, at 10 a.m. Freight now being received.

W. H. CAVE,
Minister of Shipping.

FOR SALE!

Lumber of various kinds, viz.: 2 and 3 inch Plank, Scantling, different sizes; Inch Board, Matched Board, Clapboard, Palings, etc. For prices apply to Office on wharf W. & G. Rendell's premises, where lumber is stored.

STEER BROTHERS.

Advertise in The Evening Telegram

25 Crates Bananas,
10 Crates Cabbage,
Ex "Sable Island" to-day.

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Tobacco,

200 cartons just received.
CONCHAS CIGARS.
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CIGARETTES, all kinds.

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Special Price.

Moir's, 1's, asstd., \$9.50
Moir's, 1/2's, asstd., \$5.40
Moir's Bars, all kinds,
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