Reducing the Irreducible

LAFARGUE has drawn an analogy between the primitive savage and the modern bourgeois showing that the savage believes in the supernatural because of his ignorance of the natural world, while the bourgeois recognizes the necessity of a supreme being to elucidate the mechanism of the social world. This analogy seems to be well taken when one considers the plethora of salves, and lotions, that are being applied to the social gearing in the hope of prolonging class rule. Just as in the field of medicine we are made acquainted with Turtle Serums, microbe destroyers, interstitial glands and other quackery, so in the economic field similar elixers are introduced to build up, maintain, and perpetuate the present system of production.

One of the many perplexing problems that await solution at the hands of our economists is that known for the lack of a better title as the "High Cost of Living." Numerous causes have been advanced, ranging in order from sunspots to profiteers, to account for this prevalent social malady, but without success. To the Socialist the reasons for such a phenomenon are well known, and many articles have been published in this journal setting forth our views on the matter. Particularly interesting, in this regard, was a contribution by "Geordie," a few months past, in which the soaring prices were attributed to the decreasing value of gold in relation to other commodities; the enormous demand for goods of practically every description in the face of a diminished supply due to the withdrawal of millions of our class from the sphere of production, and their removal to other lands for military purposes, where their consuming capacity was increased, being better fed and clothed as well as expending their energies in an entirely destructive field of human endaavor; by the inflation of the currency, and the consequent depreciation of same, manifesting itself in an advance of prices; and the effects of partial monopolies, that flourished due to war-time conditions, which prevented an open market and free competition. These reasons will adequately explain the present situation even though our masters' economists fail to grasp their import.

But, now, while all are agreed that prices have risen tremendously since the beginning of the war, vitally affecting those who peddle the commodity labor power, which has failed to keep pace with the others on their upward journey, and demand the immediate attention of our statesmen, boards of trade, chambers of commerce, consmers' league, housewives' clubs and other brainy manipulators of social forces; still, all are not in harmony regarding the means of relieving the distress. One of the most ingenious devices yet concocted to perform the impossible, comes from the pen of Prof. Irving Fisher of Yale University, who is also president of the "American Economic Association," and chairman of the "Association on the Purchasing Power of Money in Relation to the War." His invention purposes to stabilize the buying value of the dollar by a novel and amusing plan. In brief this plan means—

1. To abolish gold coins and to convert our present gold certificates into "gold dollar certificates," entitling the holder to dollars of gold bullion of such weight as may be officially declared from time to time.

2. To retain the virtual "free coinage," that is, deposit—of gold and the free redemption of gold dollar certificates.

3. To designate an ideal composite goods-dollar, consisting of a representative assortment of commodities worth a dollar at the outset, and to establish an index number for recording, at stated intervals, the market price of this composite dollar in terms of the gold dollar.

4. To adjust the weight of the gold bullion at stated intervals, each adjustment to be proportioned to the recorded deviation of the index number from par.

5. To impose a small "brassage" not to exceed any one change in the gold-dollar's weight.

The point of departure assumed by our learned professor displays a certain amount of reasoning power, inasmuch as he has no intention of getting the cost of living back to the good old days, a few centuries since, when a barrel of beer (no stipulated per cent) could be purchased for ½d, and a dozen of eggs (minus of course, the cold storage flavor) exchanged for a farthing. His method is to start off with the price level actually existing immediately before its adoption. To do this, he recommends the "composite goods dollar," which might be composed of say, 1 oz. sugar, 1 egg, 1 pt. of milk, ½ of a lb. of copper, 3 board feet of lumber, 4 pounds of coal, 2 apples, and 1 pound of nails, and let the gold dollar represent these goods, varying the weight of this dollar to suit the prevailing conditions as often the need arises. This means, of course, that to keep the gold dollar from shrinking in value we make it grow in weight, and so recognize that a depreciated dollar is a short weight dollar and, reversely, to keep the dollar from increasing its value we substract a necessary portion of its weight and thus grant that an appreciated dollar is one of too great a weight.

The reason for starting off with the price list in vogue the day we adopted the goods dollar as our unit, is to prevent a shock to the sensitive nerves of the buying public, who would, in this way, not notice the difference in the systems any more than in the change from local to standard time, or more recently, by the shift for daylight saving. In fact, the average wage plug wouldn't know any more about the new gold dollar than he knew about the old one. They would both practically be strangers to him.

If this method of reducing the old H. C. L. were merely the unsupported suggestion of an inventive economist it would not demand, on our part, any serious consideration. But the plan has already tickled the fancy of such men as President Hadley of Yale, Frank A. Vanderlip, Geo. F. Peabody, John Hays Hammond, Senator R. L. Owen, Sir David Balfour and many other "big moguls" in the business and financial world, as well as the department of economics in most universities. For this reason we cannot afford to throw it aside with contempt.

Today, gold, in addition to other functions, is a measure of value and standard of price. The labor theory of value tells us that commodities exchange on the basis of the relative quantities of labor necessary for their production. Gold, then, can measure the values of other commodidties only because of the fact that it contains a certain quantity of that substance—labor, which is common to all commodities. If new gold bearing areas are discovered and, consequently, new methods of mining and refining are employed, thus lessening the cost of production of gold, a correspondingly increased quantity must be given in exchange for other things not subject to the same influences. This expresses itself in the prices of other commodities. Price is nothing more than the value of any commodity expressed in terms of the money commodity. If this money commodity happens to be gold, then, the others reflect their values in gold prices. When in a store we do not see articles marked as containing so many hours of labor time for their production. They are marked in this country in dollars and cents. Here, then, we find gold to be also a standard of price.

A certain portion of the metal, to wit, 25.8 grs., nine-tenths fine, constitutes the gold dollar. How this particular weight was decided upon is beside the question. As there are 480 grs. of gold in an oz. this would leave the oz. of this given fineness always equal to $18.60. No matter how gold may depreciate in value due to the various influences that may affect it, its fluctuations are always registered in the prices of other commodities as the specified number of grains are always one dollar. To find the purchasing power of gold we read the price list backwards and see it expressed in all kinds of commodities.

Under this novel plan of our worthy professor, gold would still be the measure of value, but its function of standard of price would be seriously interfered with by the lack of having a definite quantity agreed upon as the unit. As the average worker finds the study of gold money a complicated problem, due to the difficulty of dissociating it from its money position, let us examine the proposition by using wheat instead. The bushel is accepted as the unit. This bushel contains 60 pounds of wheat. If by some discovery wheat can be produced twice as easily as last season, and the labor time necessary to produce spuds and carrots remains constant, then, it will require double the quantity of wheat to purchase a given store of those other commodities. The trouble is in no way removed, or the problem in no way simplified, by adding an extra 60 pounds to the unit to prevent it from shrinking in value. It still exchanges with spuds and carrots on the same basis as it did before. So, too, in the case of gold adding 10 or 20 grs. to the dollar does not offer any solution, any more than that we can buy the same amount of goods for a larger amount of gold instead of less of other goods for the same amount of gold. The law of value will assert itself just the same.

Then, again, the idea of having gold dollar certificates entitling the holder to certain quantities of gold bullion may sound well in theory but not in practice. There is not enough gold in existence to represent the values that are being consumed, and the more the present system develops the more the ratio of gold to notes, cheques, drafts, bills, and other credit instruments varies in a downward direction. Gold and silver certificates which represent, or circulate in place of, equivalent quantities of these metals, stored in government or bank vaults, are becoming strangers to the channels of circulation, while their places are taken by other forms of paper money which have little or no connection with metal reserves. All goes well so long as this paper can be redeemed or replaced by new promises. But no student of capitalist finance can fail to notice that increasing quantities of inconvertible paper are making their appearance, and that the gold reserves are continually dwindling compared with the amount of this currency in circulation. The idea of substracting something from the gold bullion, should be an extremely difficult feat in view of the fact that there is nothing to substract from. Some other remedy will have to be prescribed but, then, there are plenty professors, so who's next?

J. A. McD.

The Denekine Army

The armies of Soviet Russia on all fronts are sweeping the capitalist counter-revolutionary forces before them like leaves before a storm. The ease and rapidity with which they are doing it shows that the populations of the regained territory are assisting them to rout the mercenary troops of the invaders. Revolutionary principles are triumphing over blood-money.

If the soviet armies do enter Persia, as the capitalist press reports it is feared, it will not be to tyrannize and to sap the life of the underlying population but to free them from capitalist exploitation, both foreign and native.

As showing the character of the anti-bolshevik forces under Dennikin, C. B., read the following clipping from the Vancouver Province.

"NEW YORK, Jan. 8.—The army of General Denikine is characterized as a "blood-thirsty rabble" guilty of "brutish outrages," and a mob which revels in the most abominable crimes and shrinks from no infamy," in a communication written by Dr. Max Nordeau, Jewish publicist and leader, made public here

The communication is a protest against the repeated pogroms in Ukrainia and an appeal in behalf of the survivors.

Propaganda meeting, Sunday. 8 p.m. Empress Theatre, Gore and Hastings street.