

# THE GRUB AND THE PRICE

Number Two

## THE HEN AND THE EGG

**S**UPPOSE we look at the situation from the standpoint of the ordinary individual who has for sale only the work of his hands or brain or both, brushing as much as possible of the fog of precedent and preconceived notions from our eyes, and refusing to bow the knee to the various Baals of sanctified theory until we are sure of their divinity. Let us get down to brass tacks, to case cards, to fundamentals, and inquire why we are paying present prices, which in many cases are no longer related even by marriage to the cost of production.

If we went with our innocent troubles and queries to an economic sharp we should get a complete answer at once. He would probably tell us that scarcity involves high prices, he would talk vaguely and learnedly of world wide conditions, and as a clincher he would sic' the dogma of supply and demand on us.

But let us not be afraid of economic sharps and dogmas to the extent of being bluffed out of doing a little thinking for ourselves. Some cynic once said that the science of economics was merely a record of exploded theories. There is a good deal of truth in that—also in the statement that the world do move. Unless we stand still we are going to explode and disprove theories of all sorts, and make the wisdom of yesterday the folly of to-morrow if not of to-day; as witness the fact that men fly, live under water, talk across vast spaces without material connection, can the human voice, and generally carry on tail first and scandalous according to old ideas. There were always people besides economists who clung to old theories and refused to believe that the world moves along.

For instance, there was a respectable gentleman who lived near Cooksville in the pre-telegraph days. Cooksville, I may explain, for the benefit of those unacquainted with Ontario geography, is near Toronto, which again, according to some people, is best described as about forty miles from Hamilton. Well, this old gentleman admired a horse, which, next to a Conservative, he considered the noblest work of God. When he wanted to go or to send a message to Toronto he got on or behind a horse, or put a boy on or behind a horse, and he had some good horses. For the excellent reason that his experience did not include the transmission of messages along a silly wire, he declared the stunt to be impossible. On a bet he started his best boy on his best horse with a message to Toronto to beat a duplicate message over the wire. Naturally he had to pay; but I have no doubt that to the day of his translation to a world from which even Toronto cannot get messages, he kept on thinking of a horse as the real thing as a means of communication and considered that somehow he had gone up against a brace game. Like him, there are many who believe in the eternal truth of a thing which once was true.

**C**OMING back to economic theories, the trouble with many of them is that, besides being built in the long ago by academic gentlemen, the builders also constructed an economic world to fit the theories. This economic world is a nicely sterilized contraption. In it everything is economic and lubricated and all the bumps are taken out. Men act from economic motives entirely, and anything that tends to gum up pet theories is verboten a whole lot. It is a Noah's ark of a world. Noah and Mrs. Noah and the boys are all there; but they are all paint and wood, and they never have to clean up the ark because the animals are wooden, too.

The law of supply and demand is a hand-raised, pet economic theory. It is true enough theoretically. But nowadays it works like the first gas engines used to, and is just about as satisfactory. As usually understood, it doesn't cover modern conditions at all. It is based on the idea of a free flow of supply

and demand, and if those were free no doubt the mixture and spark would be all right and the good old law would bark sharply and regularly. But supply and demand are no longer free, and so the law, as baldly stated, misses frequently, refuses to pull a hill, and does not explain price.

There is an old story of a man who raised cats and rats for their skins. He solved the food problem this way: The cats ate the rats and the rats ate the cats, and so the whole thing was self-supporting. The law of supply and demand is a good deal like that. As I remember it from the merry student days of yore, it works like this: If the supply of any article is scarce, demand for it increases, on the well-known principle that though man wants but little here below, he always wants a little more than he can get of whatever is hard to get. And so price goes up, on the equally well-known principle that our fellow-man should be held up when he can't help himself. The praiseworthy and popular desire to be on the right end of the hold-up stimulates production. This results in an over-production, a glut of the market, when we fall all over ourselves to sell at any old figure at all, and so price goes down and our fellow-man gets back at us. Then production fails off. And then, of course, demand increases and it starts all over again—cats, rats; rats, cats.

Not that the books put it thus crudely and rudely. Oh, no. An undergraduate of average intelligence and industry can fill in much spare time between football and cent-ante games getting this theory firmly rooted in such crevices as there may be in his cranial structure. But that is the way it works out in the specially constructed economic world.

Far be it from me to knock any world, that, this,

or the next. The peacetime world bears just close enough resemblance to the economic world to make the supply and demand doctrine partly true. Everybody knows that when potatoes are high the farmer plants more land to spuds—that is, all but the fellow who takes a look over with his periscope and figures that the price will fall just because everybody is planting the same thing. And the doctrine might be wholly true if supply and demand were let alone to eat each other. But they aren't. The world do move.

As a simple instance, take a fragile little thing like an egg. Time was when the humble ultimate consumer benefited or otherwise by the devotion of the hen. In the merry spring months, when the hen sang her now-I-lay-me's regularly, eggs were on the menu of the humblest. Even a writer could afford them. In the winter, when the hen was off the job, eggs went up; in the spring, when she was on, they went down. There was demand and supply, reduced to its simplest terms. There is no reasonable doubt that some economist framed the law of supply and demand from a profound study of the hen. But somebody invented cold storage eggs, and this put the skids beneath the law of supply and demand, the consumer, and the producer, too. So far as the average consumer is concerned, cheap eggs are a mere tradition. You agree with that, yes? And yet, so far as most producers are concerned—I mean the owners of the hens—remunerative eggs are unknown. Passing strange, is it not? Let us cut into it a little.

**T**HE egg is a perishable thing. So far, Providence, plus human genius, have failed to produce a hen with a refrigerator side-car, a cold storage annex or other like attachment. The hen remains primitive. She is not concerned with economic problems. When she wants to lay she goes 'way back and sits down and lays. In her simplicity she thinks that by and by she will raise chickens. Beyond that she takes no thought for the morrow. She lays in the Spring because it is an old custom. She is a conservative and not a preservative. Yes, yes, I know she is

liberal at times; I intended to say that. Perhaps that is why arguments against dumping don't appeal to her. A very clever man—I think he subsequently took a course in a brain college, or what in B. C. is delicately termed a "mental hospital"—once suggested that we import Australian hens, which from force of habit would lay in the winter months. But a reactionary and standpat and non-progressive government turned the suggestion down, in spite of its inter-imperial possibilities. At that it was no more impractical than some other inter-imperial proposals. But I wander from the point.

The point is that when the hen lays the hen-owner has to find a market for his eggs right away. Everybody brings in eggs at once. I am speaking of country districts where everybody keeps hens and the only practical market is the local one. That is where the bulk of the egg crop comes from.

On these conditions the law of supply and demand gets excellent action. The price goes down. At the lowest price these eggs go into cold storage. And then zingo, the hen labour leaders declare a strike and the cold storage outfits have all the eggs till next Spring.

What this does to the law of supply and demand is a shame. In other words there is an annual cold storage corner on eggs. It has got to be the normal condition of affairs and we don't notice it. But mark how it works. The owner of the hen gets a low price for fresh eggs; the consumer pays a high price for non-fresh eggs; and the cold storage man gets the difference. The latter gentleman, in the vernacular, plays both ends against the middle and profits accordingly.

(Concluded on page 19.)



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