

Rising Prices Foretell Evil Times

Already we are being warned by Washington to beware the "war profiteer." Food prices are going up.

To those who remember 1914-18 this is not news. When the demand for commodities is accelerated by the increased consumption of war no legal procedure can hold down the market. Values—and prices—are regulated only by the fluctuations of relative supply and demand, never by the brain-storms of brain-trusters.

Indeed, this truth was recognized by the production-restriction plans of the same Washington that now warns us against rising prices. The plowing under of cotton, the killing of little pigs, the subsidizing of farmers for holding land idle—all this was done for the avowed purpose of restricting supply to raise prices. Why Messrs. Wallace & Co. should decry the tendency caused by the war—for the present confined to Europe—to raise commodity prices, in view of their six-year-old policy of doing that very same thing, defies all human understanding. But then, planned economy is outside the realm of logic.

In the first World War, even before we were pushed into it by our politico-privileged class, Herbert Hoover—the economic planner of that day—tried to fix "top prices" for commodities. The ceiling for wheat was \$2.65 per bushel. Other prices were subject to similar decrees. Buyers and sellers completely disregarded the frothings of Washington then, as they will now. Markets have a plan of their own.

When commodity prices rise the demand for land from which these commodities come rises accordingly. Farm land in Iowa and Illinois rose to the ridiculous figure of \$500 an acre during and immediately after the last World War. The speculative frenzy ensuing caused many farmers to mortgage or sell their farms in order to speculate in land—usually the poorer lands of the Dakotas, western Minnesota, Montana, etc. The speculative boom accelerated the rising tide of commodity prices to the point where consumption was retarded. Retarded consumption brought about a cessation of production. Prices dropped. Land values shrunk. The balloon burst. Depression followed.

Again the shadow of the vulture of speculation

hovers over the land. Marching armies need food, raiment, minerals and metals. In anticipation of this fictitious bonanza those who own the earth will demand more tribute, in rent or purchase price, for the land from which all supplies come. In due time we will learn once more that marching armies do not produce wealth to exchange for the wealth they consume, and can liquidate their indebtedness only with promises to pay some time in the future.

Bonds and stocks—"War Babies"—which represent equities in essential war material lands are the first to go up in prices. Iron, copper, tin are used in household utensils as well as in munitions of war; the housewife will pay for her pots and pans. Petroleum is the blood of modern war machinery; gasoline costs more, and the owners of oil wells reap accordingly.

We are in for the same cycle of rising commodity prices, rising land prices, speculation, retrogression and collapse that we experienced in the era 1914-29. This time it will be more precipitate, because the technique of speculative booms has been improved by experience. The rise will be sharper, the collapse will come sooner and be more complete. The ensuing social consequences are too horrible to contemplate. Let us dull the picture of individual misery with non-descriptive but all-embracing nomenclature, like totalitarianism, anarchy, state-ism.

There is only one way out. It was not taken in the last war, and as our governmental machinery is in the hands of the same selfish pressure groups, it does not seem likely that we shall take it this time. The rising tide of prices can be stopped only by increasing the supply of commodities correspondingly. This can be accomplished only by employing more and more the only source of supply—land. Rising prices are always the incentive to capital and labor to go to work, and all they need is access to the necessary natural resources. Therefore, the way—the only way—to stop this tendency of prices to rise to the point where consumption will be curtailed (which is what our Washington economists fear), and therefore to stop the economic cataclysm which this tendency forebodes, is immediately and without any subterfuge or compromise to legalize the remedy prescribed by Henry George in 1879.