been adopted. This summary is as follows: Parcel-post; farm loan facilities; workmen's compensation; other forms of social insurance; Government ownership of public utilities; socialism of every variety; reduction of human disease and disability; prohibition; the "simple life," including abandonment of social obligations and "emigration" to a different part of town; housekeepers' market clubs; municipal slaughterhouses; State bakeries and butcher-shops; tram freight service; co-operative selling by farmers; utilization of empty city lots; municipal markets; scientific management; reduction of middlemen; co-operation; profit-sharing; publicity as to prices and profits; the single tax; better supervision of weights and measures; use of bulk goods instead of package goods; use of "cash and carry" system instead of "telephone and deliver"; repeal of taxes on consumption; reduction of railway rates—namely, on vegetables, fruit, and fresh fish; a tax on export commodities (the idea being that the tax will keep the local price lower than the export price by the amount of the tax); municipal selling of potatoes, fish, &c., at cost; laws against speculation and monopoly; price-fixing; regulation of cold-storage plants; granting of subsidies to cold-storage plants; trade-unionism; the destruction of trade-unions; inflation; elastic currency; bimetallism; sliding scale of wages based on cost of living; disarmament.

In discussing these so-called remedies which have either been proposed or adopted in places Professor Fisher states that most of them are excellent in themselves but are irrelevant to the problem under consideration—that is, they would not tend in the least to stabilize the price-level and the purchasing-power of money. They might help the people to endure the high cost of living, but would not reduce or prevent it. Some of the proposals may be important to the sum of human happiness, but they are quoted by Professor Fisher with a view to showing in what direction people tend to think when the problem of the high cost of living is mentioned. The fact that such proposals are mostly concerned with economy and efficiency in the production, distribution, and consumption of goods shows that little thought is ordinarily given to the other side of the market—that is, to the monetary aspect of the question.

The trouble with most of the remedies suggested above is that they deal with the volume of trade and leave uncontrolled and unchecked the means of exchange: in other words, as long as no effort is made to adjust the volume of the medium of exchange to the amount of business that has to be done, it is impossible to control the general price-level, or prevent fluctuations in the purchasing-power of the sovereign, or solve the cost-of-living problem. That control of the general price-level by standardization of the purchasing-power of the monetary unit of value, the sovereign, is the way out of the economic labyrinth has been suggested by many economists—notably President Woodrow Wilson, Alfred Marshall, Simon Newcomb, Alfred Russell Wallace, A. C. Pigou, and other writers; and this solution is being advocated by Professor Irving Fisher with a brilliancy of statement and wealth of statistical reasoning that has attracted world-wide recognition. The plan proposed by Professor Irving Fisher is briefly as follows:

(1.) To refrain from putting gold coins again into circulation, and to substitute gold certificates entitling the holder on any date to sovereigns of gold bullion of such weight as may be officially declared to constitute a sovereign for that date.

(2.) To retain free coinage—that is, to be more exact, the unrestricted deposit of gold and the unrestricted redemption of certificates.

(3.) To designate an ideal composite or "goods-sovereign," consisting of a representative assortment of commodities worth at the outset a gold sovereign of the present weight, and to establish an index number for recording at stated times the market price of this ideal "goods-sovereign" in terms of the gold-bullion sovereign.

(4.) To adjust the weight of the sovereign (that is, the actual bullion sovereign) at stated intervals, each adjustment to be proportionate to the recorded deviation of the index number from par.

(5.) To impose a small "brassage" fee, and provide that no one change in the bullion sovereign weight shall exceed that fee.

The crux of the plan lies in the provision for adjusting the weight of the gold-bullion sovereign. Its significance is that to keep the sovereign—the unit measure of value—from shrinking in value it should be made to grow in weight, thus recognizing that a depreciated sovereign is a short-weight sovereign; and, reversely, to keep the sovereign from growing in value it should be made to shrink in weight, thus recognizing that an appreciated sovereign is an overweight sovereign: in other words, to keep the price-level of things in general from rising or falling, to make the price of gold fall or rise.

The plan assumes, of course, that a sound banking system is retained or created, as without such a system the effect of the stabilization plan would be quite lost. The plan depends absolutely for its workability upon the possibility of computing a reasonably accurate index number measuring the rise and fall in the general level of prices or changes in the cost of living, or changes in the purchasing-power of the unit of value. This task is not beyond the skill of our Statistician's Department. In fact, as far as it goes, the index numbers published by the Government Statistician are, in the Board's opinion, based upon more satisfactory data than any which have been obtained in similar investigations in other parts of the world with the exception of Australia, which follows the same method of computation.

So hopeful does Professor Irving Fisher's suggested remedy appear to the Board that we earnestly recommend it to the serious attention of the Government.

W. G. McDonald,
J. R. Hart,
P. Hally, } Members of the Board.

J. W. Collins, Secretary.

31st July, 1919.