

## Consumers And Producers

WHILE it would be unwise to be too emphatic in expressing an opinion in regard to the policy of restriction of output tentatively agreed upon by the tin producing countries until further details are available, some purpose may be served in devoting a little time to a consideration of the general principles involved. That the entire world is suffering from economic ills is palpable. Some proclaim that the lowest point of the curve of depression, if not already reached, is within measurable distance in terms of time. It is to be hoped that the immediate future will place them among the prophets whose prophesies came true in their own time. A cynic once remarked that no prophet whose bump of wisdom was thoroughly developed ever foretold anything without carefully placing the time of its fulfillment well beyond his own expectation of life. This for very obvious reasons. But whether the bottom has been reached or not, the climb upward is likely to be slow and painful, and it is undoubtedly timely to see what the experts have to suggest.

The first thing that strikes the enquiring layman is that there is an amazing difference in diagnosis and in recommendation of remedies on the part of financial authorities. From one quarter comes the advice to cultivate more assiduously than ever the habit of saving—of putting by every possible cent against the inevitable rainy day. Those who urge this course can point, and with reason, to the differing fates that we see overtake the spendthrift and the saver respectively. The former has a good time while the money lasts, but the advent of the sudden depression finds him without a financial umbrella in the shape of a bank credit. The saver, on the other hand, is able to brave the elements at their worst, with full confidence that he will remain dry until conditions change. There is no room for argument about which is the better off. But from another quarter comes the advice to spend freely, on the ground that every dollar saved means a dollar less available for wages. Saving, in short, they claim, means increasing the number of unemployed, and an increase in the number of unemployed means that an attack must necessarily be made upon savings in the shape of taxation.

This may seem to have little to do with the decision of the tin producing countries to restrict output. But a little study will show that the same difference, we had almost written confusion, of thought prevails among those who urge remedial measures by restricting production or by increasing consumption, as among the advocates of, respectively, spending and saving. It is quite obvious that restriction of production means an increase of price. If it did not it would be entirely without excuse for its adoption. But an increase in price must involve a diminution in consumption, and a diminution in consumption involves a restriction in employment. Thus the same old vicious circle is established. Those who may profit by the extra return accruing from enhanced prices will, directly or indirectly, have to support the labor displaced in order to obtain the extra return.

When experts differ, it is clearly best to withhold judgment. But the genius of the people of to-day is not likely in our opinion to subscribe to a negative policy. While there may be over-production in one sense, there cannot be over production in another. Millions upon millions of people in China and in other countries require the things that science and invention have made available to mankind. As long as they are unable to obtain these things, there is and cannot be, over-production. Clearly what is needed is a rearrangement and overhauling of the entire machinery of distribution in the very widest sense of the word. Crude methods have been adopted in Russia to bring this about with results that have involved a ghastly amount of suffering. Clearly the way that the Soviet has chosen does not lead to the Mecca of human desire. But the mistakes they make, and that others have made in a less dramatic manner, will be the guiding marks by which the ship of civilization will shape its course to the haven.