

HIGH PRICES DECLARED TO BE ARTIFICIAL

President Addresses Congress on
Subject of High Cost
of Living.

LAWS ARE NOT ADEQUATE

Chief Executive Declares "Vicious Practices" Are Responsible for
Perilous Situation Which Faces
the Nation—Makes Important
Recommendations.

Washington.—Addressing congress and proposing remedies to check the high cost of living, President Wilson declared that existing laws were inadequate and that high prices were not justified by shortage of supplies, present or prospective, but were created in many cases "artificially and deliberately" by "vicious practices."

The president recommended that the food control act be extended to peace time operation and that congress exclude from interstate as well as intrastate shipments goods which did not comply with its provisions.

His address was as follows:

Gentlemen of the Congress:
I have sought this opportunity to address you because it is clearly my duty to call your attention to the present cost of living and to urge upon you with all the persuasive force of which I am capable the legislative measures which would be most effective in controlling it and bringing it down.

The prices of the people of this country are paying for everything that it is necessary for them to use in order to live are not justified by a shortage in supply, either present or prospective, and are in many cases "artificially and deliberately created by vicious practices which ought immediately to be checked by law."

They constitute a burden upon us which is the more unbearable because we know that it is wilfully imposed by those who have the power and that it can be vigorously public action be greatly lightened and made to square with the actual conditions of supply and demand.

Profiteers Lawbreakers.

Some of the methods by which these prices are produced are already illegal, some of them criminal, and those who employ them will be energetically proceeded against. But there is yet to be brought under the law, and should be dealt with at once by legislation.

I need not recite the particulars of this critical matter; the prices demanded and paid at the sources of supply, at the factory, in the food markets, at the shops, in the restaurants and hotels, alike in every city in the world.

They are familiar to you. They are the talk of every domestic circle and of every group of casual acquaintances even. It is a matter of familiar knowledge also, that a process has set in which is likely, unless stopped, to develop into a general and rents and the whole cost of living higher and yet higher. In a vicious cycle to which there is no logical or natural end.

With the increase in the prices of the necessities of life come demands for increases in wages demands which are justifiable in themselves, but are no other means of enabling men to live.

Upon the increase of wages there follows close an increase in the price of the products whose producers have been accorded the increase—not a proportionate increase, for the manufacturer does not content himself with that, but an increase considerably greater than the added wage cost and for which the added wage cost is oftentimes hardly more than an excuse.

The laborers who do not get an increase in pay when they demand it are likely to strike, and the strike only makes matters worse.

Upon the increase of production, if it affects the railways it prevents distribution and strips the markets; so that there is presently nothing to buy, and there is another excessive addition to prices resulting from the scarcity.

Conditions Not "Natural."

These are facts and forces with which we have become only too familiar; but we are not justified because of our familiarity with them, because of any hasty and shallow reasoning that they are "natural" and inevitable, in sitting and tranquilly letting them work their fatal results if there is anything that we can do to check, correct or reverse them. I have sought this opportunity to inform the congress what the executive is doing by way of record, control, and so suggest what legislative legal remedies are to be made and may be supplied.

We must, I think, frankly admit that there is no complete immediate remedy to be had from legislation and executive action. The free processes of supply and demand will not operate of themselves, and no legislative or executive action can force them to do it and natural operation will still be peace.

"There is now neither peace nor war, All the world is waiting—with what unnerving fears and haunting doubts who can adequately say—waiting to know when it shall have peace and what kind of peace it will be when it comes. Peace is a condition of the market, and it has not been possible to administer any anesthetic. It is conscious. It even watches the capital operation upon which it knows that its hopes of healthful life depends. It cannot think its business or make plans or give intelligent and provident direction to its affairs while in such a case. Where there is no peace of mind there can be no energy in endeavor.

Must Know Terms of Peace.

There can be no confidence in industry, no calculable basis for credits, no confident buying of systematic selling, no certain prospect of employment, no normal restoration of business, no hope of a general representation or a proper reassessing of the different elements of enterprise until peace has been established, and so far as may be guaranteed. Our national life has no doubt been less radically disturbed and dismembered than the national life of other peoples whom the war more directly affected, but all the terrible ravaging and destruction, force, by which it has been nevertheless profoundly affected and disarranged, and our industries, our credits, our productive ca-

pacity, our economic processes are intrinsically interwoven with those of other nations and peoples—most intimately of all with the nations and peoples upon whom the chief burden and confusion of the war fell and who are now most dependent upon the cooperative action of the world.

Exports Greatest in History.

We are just now shipping more goods out of our ports to foreign markets than we ever shipped before—not foodstuffs merely, but stufs and materials of every sort; but this is no index of what our foreign sales will continue to be or of the effect the volume of our exports will have upon supplies and prices. It is impossible to predict how far or how long foreign purchasers will be able to find the money or the credit to pay for or sustain such purchases on such a scale; how soon to what extent foreign manufacturers can resell their former products to foreign farmers, set them accustomed crops from their own fields; foreign miners resume their former output, foreign merchants set up again their old machinery of trade with the ends of the earth. All these things must remain uncertain, and the price is established that the nations of the world have concerted the methods by which normal life and industry are to be restored.

All that we shall do in the meantime to restrain profiteering and put the life of our people upon a tolerable footing will be makeshift and provisional. There can be no settled control over the situation, and the uncertainty of peace is out of the way and the work of liquidating the war had become the chief concern of our government and of the other governments of the world. Until then business will inevitably remain speculative and sway now this way and again that, with heavy losses or heavy gains, as it may chance, and the number of persons who take care of the gains and the losses. There can be no peace prices so long as our whole financial and economic system is on a war basis.

Europe Must Know Situation.

"Europe will not, cannot recoup her capital or put her restless, distracted people to work until she knows exactly where she stands in respect to peace; and what we will do for her is the chief question upon which her strength and confidence of purpose depends. While there is any possibility that the peace terms may be changed or may be held long in abeyance, or may not be enforced because of divisions of opinion among the powers associated against Germany, it is idle to look for permanent relief.

Points Out Present Duty.

But what we do should do, and should do at once. And there is nothing that we can do which will not only help to restrain profiteering and put the life of our people upon a tolerable footing, but will also help to restore the economy of Europe. The world is upon the threshold of a new era, and the success of our efforts will depend upon the success of our efforts to help Europe to get back to her normal life and production a chaos will ensue which will inevitably be communicated to this country. For the present, it is manifest, we must quicken, not slacken our own production.

Food Price Drops Not Enough.

In a few foodstuffs the prices had declined, but in nothing like the proportion in which the supply had increased. For example, the stock of canned tomatoes had increased 102 per cent, and yet the price had declined only 25 cents per dozen cans. In some cases the price of creamery butter had increased 12 per cent and the price from 41 to 53 cents per pound. The supply of salt beef had augmented 3 per cent and the price had gone up from \$34 a barrel to \$38 a barrel. Canned corn had increased in stock nearly 92 per cent and had remained substantially the same in price.

Law Department Active.

The attorney general has been making a careful study of the situation as a whole and of the laws that can be applied to better it and is convinced that, under the stimulation and temptation of exceptional circumstances, combinations of producers and combinations of traders of staples and of prices which are clearly in restraint of trade, and against these productions will be promptly instituted and actively pushed which will in all likelihood have a prompt corrective effect.

We cannot deny wheat to the food production, and the food production will be affected as far as it can. We do not wish to do so; but, fortunately, though the wheat crop is not what we hoped it would be, it is abundant if handled with provident care. The price of wheat is lower in the United States than in Europe, and with proper management can be kept so.

Immediate Relief Measures.

By way of immediate relief, surplus stocks of both food and clothing in the hands of the government will be sold and of course sold at prices at which there is no profit. And by way of a more permanent correction of prices, surplus stocks in private hands will be put out of the market.

Under the terms of the food-control act the hoarding of foodstuffs can be checked and prevented, and they will be, with the greatest energy. Foodstuffs can be drawn out of storage and sold by legal action which the department of justice will institute whenever necessary, but as soon as possible. This is extremely difficult with it is not likely that the courts will have to be resorted to. Much of the accumulating of stocks has no doubt been due to the sort of speculation which always results from uncertainty. Great surpluses were accumulated because the world failed to realize that the market would dispose of the dealers were determined to be ready for whatever might happen, as well as eager to reap the full advantage of rising prices. They will now see the disadvantage, as well as the danger, of holding off from the new process of distribution.

Publicity Will Do Much.

And publicity can accomplish a great deal. The purchaser can often take care of himself if he knows the facts and influences he is dealing with, and purchasers are not disinclined to do anything, either singly or collectively, that may be necessary for their self-protection.

The department of commerce, the department of agriculture, the department of labor, and the federal trade commission can do a great deal toward supplying the public systematically and at short intervals with information regarding the actual supply of particular commodities that is in existence and available with regard to supplies which are in existence but not with regard to the methods of price fixing which are used by dealers in certain foodstuffs and other necessities.

Retailers in Part to Blame.

There can be little doubt that retailers are in part—sometimes in large part—responsible for exorbitant prices. It is their opportunity to show that they comprehend, that they intend to act justly, and that they have the public interest sincerely at heart.

And I have no doubt that housekeepers over the country, and everyone who buys foodstuffs, are daily standards in force will presently exert greater vigilance, a more thoughtful economy, a more discriminating care as to the market in which he buys or the merchant with whom he traded than he has hitherto exercised.

Labor Must Consider.

I believe, too, that the more extensive leaders of organized labor will presently yield to a sober second thought, and like the great mass of their associates, think and act like true Americans. They will see that strikes undertaken at this critical time are certain to make matters worse, and that the key to that prison room with them. That is the key you have, senor!"

"I am not in a fever, senor," said Pedro quickly, seeing the thought in the American's eyes. "But that key tells me something. Every night before going to my bed I go to the master's room to see if he wishes anything, to take any commands for the next day. I went last night after it was late, just before I went to the señorita's door. It was half past eleven o'clock last night, I went there at eleven o'clock last night, I went there."

"Well?" sharply.

"I heard a little sound. It was the scratching of a window shade. I went, closed the window, and locked it tightly. And while looking for the sound I saw the key in its place. It was there at eleven o'clock last night, senor."

"You are sure, Pedro? You are very certain that this key was in the master's room at eleven o'clock?"

"Very certain, senor."

"Then—But it is impossible, Pedro! You say that you locked the door?"

"All, senor."

"And the door as you came out?"

"I locked, senor. The key was under my bed. I gave it to you just now. And there is only one key upon the rancho—only one in the world which will unlock it!"

"But then it is impossible!"

Stanway, restless, upon his feet, strode back and forth, frowning. If the key had been there last night, if the door and windows had been locked, if they had been locked when he went to the room—then how could one of the men who attacked Pedro have had it in his hand at three o'clock in the morning?

"You mean—" he said slowly, coming back to the bedside, "that the attack upon you and Celestino was made by men who are among the house servants or the De la Guerra vaqueros?"

"No, senor." There was no hesitation—the voice was confident. "The men wore handkerchiefs about their faces, but I know that they were not of our men. They were strangers to me."

"But," cried Stanway, "how could such a thing be? How could they have gotten into the master's room?"

Then how could they have gotten to the señorita's room without some one of our men seeing them? And why should they have brought the key?"

"The key is heavy, good to strike a hard blow," replied Pedro. "If a man had lost his knife and needed a weapon he might take it. No, senor."

"But how—"

Stanway broke off, his eyes ran from Pedro's face to sweep the room, a sudden light came into them, and the blood ran into his face.

"My God," he cried. "I see it!"

"You are wiser than I, senor." Pedro smiled contentedly and closed his eyes, looking very pale and weak.

"There is nothing that can be effectively associated. We have no steadiness and self-possession and business sense enough to work out that result."

In the meantime—now and in the days to come—there are many other measures that are ahead of us—let us resort more and more to frank and intimate counsel and make ourselves a great and triumphant nation, making ourselves a united force in the life of the world. It will not then have looked to us for leadership in vain.

General Interest First.

No remedy is possible while men are in a temper, and there can be no settlement which does not have as its motive and standard the general interest.

Must All Work Together.

Threats and undue insistence upon the interest of a single class, make settlement impossible. I believe, as I have hitherto had occasion to say to the congress, that the industry and life of the nation and of the world will suffer irreparably if employers and employees are to go on in a perpetual contest, as antagonists.

They must, I think, frankly admit that

the present food-control act should be extended both as to the period of time

during which it shall remain in operation and as to the commodities to which it shall apply.

The provision against hoarding should be made not only to food but also to feed stocks, to fuel, to clothing, and to many other commodities which are indisputably necessities of life. As it stands now it is limited to operation during the period of the war and becomes inoperative upon the formal proclamation of peace.

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