

CHAPTER XII.—CAUSES.

Question 12 : What causes generally have brought about the increased cost of living ?

Causes.

Some of the causes have been easy to detect and to isolate, but it has often been difficult to disentangle and measure the effects of special causes. The chief factors that have caused the rise in the cost of living in New Zealand appear to us to be :—

1. The increased supply of money, including gold and credit, and the increased velocity of circulation, all of which appear to have outstripped the increase in the volume of goods and services exchanged against them.

2. The increased cost of production of farm-products, and the increased demand, both locally and abroad, for foodstuffs produced in the country.

3. Rural depopulation abroad and the slackened rate of production of foodstuffs in countries such as the United States, which have hitherto exported a large proportion of the amount produced therein.

4. Local combinations, monopolies, and trusts, commercial and industrial, which both raise prices directly to the consumer and tend to discourage initiative and self-reliance.

5. The diminishing of the natural fertility of the soil and of the natural resources of most countries abroad, such as is suggested in New Zealand by the increasing cost of manuring and timber-getting.

6. The relatively higher increase in the cost of distribution owing to—

- (a.) Increased transportation charges ;
- (b.) The excessive numbers of those engaged in the work of distribution ;
- (c.) The duplication of distributing-agencies.

7. The national waste involved in—

- (a.) Extravagant living, as evidenced by excessive devotion to luxury, sport, and unwise recreation ;
- (b.) Lack of economy in local and national governmental services ;
- (c.) Wasteful domestic methods employed by the great mass of the people ;
- (d.) Rapid changes of fashion, particularly in regard to clothing and boots ;
- (e.) Generally, the devotion of an increasing proportion of wealth to non-productive uses.

8. Increased taxation, both local and national.

9. The operation of protective tariffs and trusts abroad in raising the first costs of imported articles.

10. The New Zealand protective tariff, especially as regards taxation on the necessities of life.

11. The failure to attain that national efficiency which can be secured only by the operation of a well-considered and properly co-ordinated scheme of education—general, industrial, commercial, agricultural, and domestic.

12. The higher standard of life. The period under review has been signalized by many remarkable improvements in methods of production, and by a general advance in the quality of things produced. The incomes of the people in all grades have increased in amount and in purchasing-power. This has enabled them not only to maintain the old standard of living at its increased cost, but to raise the general national standard of life far above what it was. Recently there are signs that it is becoming increasingly difficult to maintain this new standard.

NOTE.—Irrespective of Nos. 1, 2, 3, 4, these causes are not enumerated in order of importance.