SEPTEMBER.

The monthly evening meeting of the members of the Royal Society of Tasmania was last held on Monday, September 7th, in the Art Gallery of the Museum. A lecture on "The Primary Law of Value or Price," by Mr. R. M. Johnston, F.L.S., Government Statistician, was given.

Mr. Bernard Shaw presided, and among those present were :—The Treasurer (Hon. P. O. Fysh), Messrs. F. W. Piesse, M.L.C., N. E. Lewis, M.H.A., Henry Dobson, M.H.A., Rev. J. B. W. Woollnough, M.H.A., etc.

The SECRETARY (Mr. Alex. Morton) read a letter from His Excellency's private secretary, intimating that owing to domestic bereavement Lord Gormanston was unable to attend. Letters of apology were also read from Sir James Agnew, the Premier (Sir Edward Braddon), the Minister of Lands (Hon. A. T. Pillinger), Hon. T. Reibey, M.H.A., and Mr. Mackenzie, M.H.A.

The CHAIRMAN having formally introduced the lecturer,

Mr. JOHNSTON first spoke of the proper use of economic, terms. Under the generic term "wealth" there was exchange wealth, social wealth, national wealth, cosmopolitan wealth, capital wealth and consumable wealth. Many used the term "wealth" in a loose way. In the same way there was individual capital, consumption capital, fixed capital, auxiliary capital, potential capital, circulating capital, and personal capital. Then there was utility—total utility and marginal and final utility. Under "value" there were such expressions as price or exchange value, money value, unit of value or ratio of exchange, economic price, present value, deferred value, capital value, and annual value. Under "rent" there was ground and building rent, producer's rent, ability rent, wage-earner's rent, economic rent, and quasi-rent. "Under price"—economic price, equilibrium price, monopoly price, loan price, fancy price, famine price, robbery and violence price. Then under "wages" were nominal or money wages, and a more important thing—rent wages, or purchasing power. He expounded the proper applications of these terms. There was the primary law of value or price, and that was the subject of his discourse. He argued that economic cost of production (and not the illusive and indefinite something called the ratio of demand and supply), was the primary law which regulated and determined the respective ratios and prices at which the precious metals and all other commodities and services exchanged with each other. The "scarcity of gold" theory of the decline of prices could not be reconciled with plain facts, for the decline of 58 per cent. in cotton cloth was conjoined with an increase of 112 per cent. in the wages of the operatives since 1847. The fall of 58 per cent. in prices was likewise irreconcilable with the ratio of demand and supply theory. Cheapened cost of production, the true primary law of economic price, was the only theory which harmonised with all the facts. Theories as to the scarcity of gold or the appreciation of gold and ratio of demand and supply, which could only at best be reconciled with a very small part of the facts, must be abandoned as unsatisfactory and altogether misleading. Supply was subordinate, and depended upon demand, whilst the cost of producing the supply was the primary law which determined its economic price. Then if it be true that cost of production was the true primary law of economic value or price, it might be confidently asserted that any attempts made by Governments to fix arbitrary laws for determining the relative exchange values of any commodities (such as gold and silver in the scheme of bimetallism) would be as futile as to pass arbitrary laws for determining the absolute specific gravities. The true cause of decline in prices was due to the increasing improvements in steam, chemistry, and labour-saving machinery. He concluded by quoting the author of "Recent Economic Changes" (Mr. David A. Wells) in saying that "to suppose now that a change in the relative value of the two precious metals (gold and silver), a change which has not in any degree restricted their natural supply or diminished their monetary or industrial use, has exercised a concurrent, superior, and predominatory influence in respect to the prices of all other commodities or services, would seem to be almost incompatible with the clear exercise of one's reasoning faculties."

The address was illustrated by a number of cleverly-prepared diagrams.

Mr. FYSH characterised the paper as a most able and elaborate dissertation, and one which would be classified and appreciated among scientific papers of the kind throughout the world. If, however, they found that the primary law of value or price was the economic cost of production, many of them would have to turn themselves inside out in regard to their settled theories.

Mr. WOOLLNOUGH felt doubtful as to the results Mr. Johnston had arrived at, whilst still having great confidence in his talent in such matters.

Dr. BENJAFIELD wanted to know whether to-day it was taking double as much labour to produce a ton of gold that it did 20 years ago?

Mr. JOHNSTON: No; it's just stationary. It's the cost of producing silver that has reduced.

Dr. BENJAFIELD insisted that gold was produced to-day cheaper than ever, and in larger quantities.

Mr. JOHNSTON: The quantity does not settle its cost.

Mr. FYSH thought that there Mr. Johnston's difficulty came in.

Dr. BENJAFIELD remarked that the purchasing power of gold was higher to-day than it had been known to be for many years.

Mr. JOHNSTON dissented.

Further discussion on the paper was adjourned.

It was desired by several that the paper should be printed, and Mr. MORTON appealed to the Treasurer to have it printed in the Government Printing Office.

A vote of thanks to Mr. Johnston was then passed, and the CHAIRMAN, in moving it, expressed regret on behalf of the Society for the cause which had led to the absence of the Governor. He also referred to the recent visit of Mr. Wragge, and the marvellously accurate forecasts of the weather which that gentleman had recently given.