from the time he gets his first job, both as an earner and as a taxpayer.

The Government itself is hurt by inflation as the price of all it buys rises as its own dollars become cheap. And the federal government is the biggest buyer in the world. The same is true of the price of everything bought by state and local governments. To equip a soldier with clothing for a year cost $122 in 1939. Today it costs $377. Mr. Bernard Baruch estimates that "in the last war inflation added 100 billion dollars to the cost of the conflict."

IT FEELS GOOOD — FOR A WHILE.

Inflation puts a false glow on the cheeks of its victims. More dollars of income make people feel that they are getting ahead. The profits of business companies in an inflationary period are also largely fictitious. New machines cost about twice what worn-out machines cost when new. Hence the depreciation reserve will pay only half the cost of the new machine. The balance must be taken out of "profits." Yet these inescapable expenditures are taxed as if they were true profits. Thus a business company can go broke at the same time that it appears to be making a profit. This is a point that labor leaders seldom explain as they point at "big profits." The profit and dividend dollar has shrunk equally with the wage dollar.

What is inflation? It is not high prices, the high cost of living. Price is a *result* of inflation. Unless that one fact is clearly understood by the millions who are being hurt, their efforts to stop inflation will be futile.

Few even among the economists will quarrel much with this definition. Inflation is an increase in the total supply of money which people *have and want to spend* that is greater than the supply of goods available for them to purchase. For short, let the word "goods" include all services, such as a railroad ride, a hairdo, or dental care.

MONEY SUPPLY TRIPLED IN DECADE.

The following figures show clearly how this has worked in the past ten years. Before looking at them, we must understand what is here included in the term "money." Money is coins and Government currency in the hands of the people, *and* checking accounts in our commercial banks. This is the active money that is involved in our problem of inflation. Of course, money in savings banks, Postal Savings, building-and-loan associations, or even Government bonds, may be used to buy goods. But this is generally inactive money—money people do not want to spend.

Now see what happened to each kind of money.

	1939 Dec. 31	1951 April	Increase Percent of
Pocketbook money (Billions)	$ 6.4	$ 24.6	284%
Checkbook money (Billions)	29.8	89.4	200%
Total money supply (Billions)	$ 36.2	$114.	215%
Money per capita (Dollars)	$276.	$742.	169%

BUT THINGS TO BUY ONLY DOUBLED

In these ten years, our industrial production of goods, measured by actual tons, bushels, barrels—not by price tags in dollars—increased only 99 percent. The volume of money increased more than twice as fast as the volume of goods. Hence the purchasing power of each dollar went down and prices went up. The wholesale price index of the Government tells the story: it went up from 77.1 to 183.5; it more than doubled. It took $183.50 to buy at wholesale in October 1950 what $77.10 bought in 1939.

To think that price controls stop inflation is to believe that you can cool a room or cure a fever by putting ice next to the thermometer. There is no case in history where price and wage controls have stopped inflation for any length of time. To quote Thomas B. McCabe, former chairman of the Federal Reserve Board: "Price and wage controls conceal the source of inflation. Therein lies a great danger. By covering up the source, they tend to weaken the popular will to deal with the causes of the disease." That is the danger today. It is like thinking that wet streets cause rain. A tied-down safety valve on a boiler won't hold the steam in check long if you keep shoveling in fuel.

Admitting all this, some folks say, "I don't like these high prices, but still I've never had it so good as now. So what?" This is no argument at all. are the main reasons for more and better things for more people. As we produce more, we have Our advancing science, technology and invention more. There would have been as much produced without inflation. The people would "have it just as good" today, and what they now save for old age would not lose its power to buy things for them later on.

DEBTS ARE MONEY, TOO!

The chief cause of inflation is that the federal government ever since 1930 has spent more than it has taken in. It has gone into debt during 18 of the past 21 years. That, and the *way* it has gone

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