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－Thelron it wive Of inflition
 or emponered to botrov from the Federal Reeerve Banlic

 gold content of the dollier by is auth is 50 percentitit to

 Opinion on these dratic proposale seems the aith $A$ number of conservative nembpapors have taken the viaw
hame Preident not Erendent Rooseveit hit essed for these infisiongry greses from resorting to eve more redical measirct，ind

 entid in order to ralise prices and relleve debtors and in－ sat that Prealdent Rooseyelt is propared to exercise to the
allest extent the powers granted him． The easence of their argument lies ormula known as the yuartity theory of money．Aecord－ ling to the theory，the prife level of a ofuntry，or the sver－ esombrioc of ellil．commodition cold multiolled by ing ithth tion multiplied ty lits velocity of turnover．In other worden， In there were $85,000,000,000$ worth of money in circulation，
and all of tit were apent 25 timea each year，there would be $3125,000,000,000$ worth of commodities mold．But If the amount of money in cirealation were increased 100 percent
by inflation，you would hive $\$ 10,000,000,000$ turning over by infiation，you would have $80,000,000,00$ turning over
25 times a year，which would result In $\$ 250,00,000,000$
worth of commodthen betiig sold during the year． worth of commoditien betig sold during the year．
As a matter of fact，the volume of busineess would be
nereased even more than that strice the velocity of turnover would also be increased．The simple announcement that there is to be an Increase in currency circulation wouta result in a aimilian increase in apending．Anticlpating arfise
In prices，people buy today what they want tomorrow or In prices，people buy today what they want tomorrow or
next week in order to take advantage of the loyer prices． next week in order to take advantage of the lower priges
Investors yith fised Incomea unload ther bondi and buy suvestors，staples，nix equities，wilich will rite with the price levels，Thus，the turnover of 25 times a year，misy be fo
cressed to 100 times a year．Then our equation would be creased to 100 timen a year．Then our equation woula be
$510,000,000,000$ multipiled by 100 is equal to $\$ 1,000,000$ ， 800,000 ．
That，seems like a lot of money，and one wonders if we
can do that mueh business mimply by increaning the cur－
rency，why wann＇t it done a long time ago．It is important rency，why wasn＇t it done a long time ago．It is important
to remember，however，that the dollars expressed fit above equation are no longer the dollars as we have known them．Up to the present time all United States currency has been secured by a 40 percent covelage of gold，and
theoretically every paper dollar could be converted finto a gold dollar contaluing 23.22 grains of gold nine－tenths fine． Under the terma of the Thomas amendment，the gold cov－ whe coina be reduced to 20 porcent and the gold content of our fifty－cent pleces to dollara． In additton to the ineresed domentic price rifos itwe
is a possible advantare in forelgn trade to which the infla－ tionists point with pride，It has been held that because currency，certain foreign countriea have been able to manu－ facture so cheaply as to undersell us in our own local marketa even after paying our hish tarifi rates．A London
shoe manufacturer buys his materfils，and pays his employ－ ees and taxes with an English paper pound which is worth
around 83.70 ．When he nelis his shoes in this country we pay for them with gold which is atill worth in Engliand 8486 to the pound sterling．Thus，he has a net gain on
exchange of 81.16 which he caa use for the purpote of exchange of 81.16 which he can use for the pupote of
paying tariffs and of underaelling our own manuifcturern． Further，American exporters are at a similar disadvan－ tage．A cotton planter trading in Liverpool sells hia cotton
for $\$ 80$ a bale，When the pound was at parity，the LVer－
pool merchant could have bought thls cotton for 6.2 poands． for 80 a bale，When the pound was at parity，the Liver－
pol merchant could hive bought tha cotton for 6.2 poonds．
But now with It selling at $\$ 3.70$ ，ho must ralse 8.1 pouidis， Cor the amime cotton seilling，theoretically，at the asme price．
The conseguence in that he refusen to buy the Ameriean The concequence in that he refusen to buy the Ameriean
cotton and buys it from nome country whose currency fo on
a level with his own．Under the terms of the Thomas a level with his own，that the pound will rise in terme of
amendment，it is held the
the dollar，and the dollar will decline in terms of the pound． the dollar，and the dollar will decilne in terms of the pound．
As a matter of fact．the mere announcement of the sold embarzo and the prospects of inflation，foreed the dollar

down in certaln forelgn countries by an mueh an 18 per－ | down |
| :--- |
| cent． | But the obvloun advantages of an inflationary movement

are apt to be nulfified by grave consequences．it is com－
paratively eaaty to luanch a policey of controlled inflation；it

 | In not eagy to controlt．The story is ald or a German who |
| :--- |
| In 1913 by hard work and frugal saving had－cecumulated |
| 00,000 marks，or the equivalent of about $\$ 100,000$ ．He |


 panies in Gerriany．The war intervened and the grei
of German fnfition followed．In 1028 when the policy
becume due，be took the entire amount down to his haber－ focume due be took the entire amou
tuahers and bought himself a hat．
Of course no one expecta finflation to yo to any such
extreme lo this country．But then no one expected $I f$ would In Cormany．




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