

instance, the Department of Labor has a list of over 700 commodities. It obtains the price at wholesale of these various commodities every week and strikes an average of them. It adopted the price of these commodities in 1926 as its base and called it 100. As the average price of all these commodities goes up or down the rise or fall is expressed in terms of that base figure of 100. Thus, if the prices go up 1 per cent, the price is called 101; if they go down 2 per cent, the price is called 98. Professor Fisher declares that this commodity index number, or one like it, should be used as the standard of value for our dollar. Then when you are paid your \$60 you know that \$60 will purchase so many units of those commodities, whether you spend them the day you earn them or five years later.

"Fisher does not propose to abandon the gold standard. Gold would be kept in bullion form in the Treasury and the government would redeem the dollar certificates in gold, but only in so much gold as the dollar might be worth at the time of redemption.

This is Fisher's famous "commodity dollar". And this theory has been mixed up in the plans of the inflationists. However, it is one thing to believe in a stable dollar which will always have the same purchasing power and it is another thing to believe in boosting the prices of everything by inflating the currency.

DEBTOR OR CREDITOR?

"There are a lot of things which are selling too low now. But there are a lot of things that are not. There are lots of manufacturers who could make immense profits at present prices if they could sell more. The inflationists, in order to boost the price of those things which need boosting, are willing to boost the price of everything. They want the price of wheat and corn and cotton to go up. But how do they know that the prices of other things will not go up higher than the prices of wheat and corn and cotton?"

"We can certainly put prices up by inflating the currency. If there is any doubt about that

we have only to look at Germany and France during and after the war. They put prices up. They got them up so high that a loaf of bread cost \$2,000. That is one of the troubles with inflation. You can never check it. The Germans didn't want to push bread up to \$2,000 a loaf. They merely wanted to get it up a few pennings. But when you set a thing like this in motion it is almost impossible to stop it. You may stop it at some point, and then you have deflation. If you don't stop it deliberately, it will come to a stop itself in a collapse.

"Much is heard about the immense burden on the debtor class. The farmer thinks of himself as the debtor because he owes the mortgage on his farm. But he seems to forget that while he is trying to keep down the value of the dollars in the mortgage he owes and does not pay, he is also keeping down the value of the dollars he earns and actually spends.

"You get \$3,000 a year. But how much do you owe? You probably owe little or nothing outside of your current bills. You may owe a mortgage on your home, but you do not intend to pay that off at once. You probably renew it and pay the interest annually. On a \$3,000 mortgage the interest is \$180 a year at the most. Now if prices are forced up the dollar is forced down and you will get a little relief on the payment of that \$180 interest charge every year. But every one of those three thousand dollars in your salary has been reduced in purchasing power.

"The employed classes, we must not forget, are a greater creditor class. They have about \$11,500,000,000 in savings banks. Put up prices and lower the dollar and you cut just that much off these billions. They have 109 billions in life insurance. It makes a good deal of difference to them whether that insurance will be paid off in dollars with a high value or dollars with a low value.

"We have some very serious ills to be cured. But inflating the currency will not cure them. It will aggravate them. And when it does, the same forces which compelled inflation in the

first place will demand some more. It is a serious and dangerous experiment that is proposed."

"CANADIAN PACIFIC" HOPEFUL

President E. W. Beatty of the Canadian Pacific Railway Company faces 1933 with this sentiment, circulated to the company's personnel throughout the world:

"The improvement in Canadian conditions anticipated at the end of 1931 has not taken place, though on more than one occasion during the present year the hopes of Canadians were raised by favourable indications that turned out to be only temporary in character. We have therefore been forced to additional curtailments in our operations and to add personal sacrifices. While not minimizing the seriousness of the general situation we may still retain our courage and our confidence in ourselves and in Canada.

"Problems which are particularly our own, because they relate to Canadian conditions, are receiving serious attention by our public men and leaders in finance, industry and agriculture and the world's best minds are grappling with the complicated economic and international problems which presently exist. The result of these efforts must even if slowly indicate itself during the coming months. I am satisfied that our Officers and Employees will not only meet these unusual conditions with their accustomed courage and ability but will make their own not inconsiderable contribution to the solution of our problems.

"We have the certain assurance that even moderate improvement in the general situation will reflect itself immediately throughout the Company's varied activities. I wish you all the best of health with which to meet the personal and official problems of 1933."

The National City Bank of New York

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Surplus - - - - - ₱152,000,000.00

Undivided Profits - ₱ 10,889,025.54

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