

farming practiced by the Communists.

The Kremlin knows that collective farming does not produce abundantly, but it does enable government to keep control of its people. That is the purpose of it.

The one to three-acre plots that collective farmers are per-

mitted to cultivate for their own use and for sale in the local, uncontrolled markets, is the principal source of the country's potatoes, vegetables, milk, eggs and meat. Without these non-socialized mini-farms, there would be great hunger, if not starvation, in the Soviet Union.

## Character

Your character depends upon  
The choices that you make,  
The books you read, the friends you have  
And liberties you take.

If you would be a noble man  
An honest, upright soul,  
The choices that you make today  
Predicts your final goal.

Are you seeking for the pleasures  
That this sinful world can give?  
If you are, please heed the warning.  
You have not begun to live.

If your choice is punctuated  
With a little ?,  
Stop and ask yourself this question:  
Shall this venture I embark?

"Choose you today whom you will serve"  
Said Joshua of old.  
He knew the choices that he made  
Were worth far more than gold

Before the compromising crowd  
Brave Joshua implored;  
"But as for me and all my house,  
We will serve the Lord."

Arthur J. Stairs

*Inflation and Price Control  
(last 2 sections)*  
The following article first appeared on December 20, 1945. It is even more timely today, in light of our government's economic policies, than it was when it was first written.

# Price-Wage Freeze BAD, Says Economist

By Ludwig Von Mises, Ph.D.

**I**nflation is the process of a great increase in the quantity of money in circulation. Its foremost vehicle in continental Europe is the issue of non-redeemable legal tender notes. In this country (the U.S.) inflation consists mainly in government borrowing from the commercial banks and also in an increase in the quantity of paper money of various types and of token coins. The government finances its deficit spending by inflation.

Inflation must result in a general tendency towards rising prices. Those into whose pockets the additional quantity of currency flows are in a position to expand their demand for vendable goods and

services. An additional demand must, other things being equal, raise prices.

No sophistry and no syllogisms can conjure away this inevitable consequence of inflation.

## Semantic Revolt

The semantic revolution which is one of the characteristic features of our day has obscured and confused this fact. The term "inflation" is used with a new connotation.

What people today call inflation is not inflation, i.e. the increase in the quantity of money and money substitutes, but the general rise in commodity prices and wage rates which is

the inevitable consequence of inflation. This semantic innovation is by no means harmless.

First of all there is no longer any term available to signify what "inflation" used to signify. It is impossible to fight an evil which you cannot name.

Statesmen and politicians no longer have the opportunity to resort to a terminology accepted and understood by the public when they want to describe the financial policy they are opposed to.

They must enter into a detailed analysis and description of this policy with full particulars and minute accounts whenever they want to refer to it, and they must repeat this bothersome procedure in every sentence in which they deal with this subject. As you cannot name the policy "increasing the quantity of the circulating medium," it goes on luxuriantly.

#### Futile Efforts

The second mischief is that those engaged in futile and hopeless attempts to fight the inevitable consequences of inflation—the rise in prices—are masquerading their endeavors as a fight against inflation. While fighting the symptoms, they pretend to fight the root causes of the evil.

And because they do not comprehend the casual relation between the increase in

money in circulation and credit expansion on the one hand the rise in prices on the other, they practically (i.e. as a practical matter) make things worse.

The problems the world must face today are those of runaway inflation. Such an inflation is always the outcome of a deliberate government policy. The government is on the one hand not prepared to restrict its expenditure. On the other hand it does not want to balance its budget by taxes levied or by loans from the public. It chooses inflation because it considers it as the minor evil.

It goes on expanding credit and increasing the quantity of money in circulation because it does not see what the inevitable consequences of such a policy must be.

#### Real Dangers

There is no cause (in 1945) to be too much alarmed about the extent to which inflation has gone already in this country. Although it has gone very far and has done much harm, it has certainly not created an irreparable disaster. There is no doubt that the United States is still free to change its methods of financing and to return to a sound money policy.

The real danger does not consist in what has happened already, but in the spurious

doctrines from which these events have sprung. The superstition that it is possible for the government to eschew the inexorable consequences of inflation by price control is the main peril. For this doctrine diverts the public's attention from the core of the problem.

While the authorities are engaged in a useless fight against the attendant phenomena, only few people are attacking the source of the evil, the Treasury's methods of providing for the enormous expenditures.

While the bureaus make headlines with their activities, the statistical figures concerning the increase in the nation's currency are relegated to an inconspicuous place in the newspapers' financial pages.

#### Price Controls

Here again the example of Germany may stand as a warning. The tremendous German inflation which reduced in 1923 the purchasing power of the mark to one billionth of its prewar value was not an act of God.

It would have been possible to balance Germany's postwar budget without resorting to the Reichsbank's printing press. The proof is that the Reich's budget was easily balanced as soon as the breakdown of the old Reichsbank forced the government to abandon its infla-

tionary policy.

But before this happened, all German would-be experts stubbornly denied that the rise in commodity prices, wage rates, and foreign exchange rates had anything to do with the government's method of reckless spending. In their eyes only profiteering was to blame.

They advocated thoroughgoing enforcement of price control as the panacea and called those recommending a change in financial methods "deflationists."

#### Fallacies

The German nationalists were defeated in the two most terrific wars in history. But the economic fallacies which pushed Germany into its nefarious aggressions unfortunately survive.

The monetary errors developed by German professors such as Lexis and Knapp and put into effect by Haverstein, the Reichsbank's President in the critical years of its great inflation, are today the official doctrine of France and of many other European countries.

There is no need for the United States to import these absurdities. □

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