

INFLATION ERA WOULD MUDDLE FAMILY BUDGET

Pay Check Boost Would Lag
Behind Increase in
Commodity Prices.

This is the fifth of a series on the
problem of inflation.

By HERBERT LITTLE
Times Staff Writer

WASHINGTON, Feb. 9—Currency inflation, successfully accomplished overnight, would mean that most of our pay checks this week would not pay all the week's expenses. Personal budgets would be violently, if only temporarily, unbalanced, as far as workers receiving wages or salaries are concerned.

Inflation generally is agreed to be a sudden operation, whereas the inevitable readjustment, increase of prices and other effects, follow somewhat later. Thus it would be a month or a year before our pay checks would be increased to make up for the decreased purchasing power of the dollar.

On the other hand, the farmer tomorrow would get slightly increased prices for his goods, and many of the unemployed would be given jobs before many months, according to inflationists.

Wages Don't Keep Pace

The debate on currency inflation is chiefly between creditor and debtor, between bankers and investors on the one hand and farmers and other debtors on the other. But two other classes that include most of us—consumers and wage-earners—might be affected even more.

Changes in prices of goods sold at retail to consumers always lag noticeably behind the wholesale or producers' price. Payment of wages to workers similarly lag behind changed conditions in business.

For instance, government statistics show conclusively that the song-writer didn't know what he was talking about in the current hit encouraging matrimony because "potatoes are cheaper," etc. The cost of living on the average, calculated from prices of food, rent, clothing, etc., fell about 23 per cent from December, 1929, to December, 1932.

But the pay roll total in the manufacturing industries, to take one instance, has fallen more than 60 per cent. The number employed in these industries has fallen more than 40 per cent.

Bi-Metallism One Method

As to the actual functioning of currency inflation, here are some of the methods proposed:

Bi-METALLISM—Silver would be made a basis of money, at a weight ratio with gold. Sixteen ounces of silver, under the Wheeler plan, would be made worth one ounce of gold. Gold now is worth a little more than \$20 an ounce, and silver about 30 cents.

This would make silver worth about \$1.25 an ounce in gold money. Large quantities of silver would be sold to the government, and money would be issued against it. The money would be used to pay part of the government's five billion dollars of expenses annually, thus putting it "in circulation."

A variant of this plan is "symmetallism," whereby each dollar, now backed by about 25 grains of gold, would be backed by a specified amount of silver and a specified amount of silver. This represents an attempt to prevent the gold money from being hoarded while a less-respected currency is used to pay off debts.

DEVALUATING THE DOLLAR—This amount of gold backing each dollar would be reduced. If this were cut in half, the price of gold would be doubled. The government could issue twice as much treasury and gold note currency on its present reserve. Senator Connally (Dem., Tex.), has endorsed this plan.

ISSUANCE OF NEW MONEY—There are many of these proposals, the best-known being the Thomas-Rankin bill for issuance of currency known as "Liberty notes," which would be used to pay off government obligations. Another has been introduced by Representative Busby (Dem., Miss.), one of the leading inflationists, proposing (1) that the treasury issue three billion dollars in ten-year 1 per cent bonds to Federal Reserve agents, and that (2) the Federal Reserve issue three billion dollars in its notes—curren-

cy.

This money would be issued one billion dollars at a time, and stopped when and if the commodity price index reaches 80 per cent of the 1921-29 average. The money would be backed by 20 per cent of gold, compared with 40 per cent of gold not required as backing for Federal Reserve notes.

Gold Standard Threatened

All these measures would involve going off the gold standard, according to most of the experts. Great Britain achieved inflation to some degree without resorting to any of these. She merely went off the gold standard overnight, and the principal effect was on her international trade.

Prices in general in Britain are about where they were before. But the fact that the United States is about 95 per cent self-sustained, consuming mostly goods produced at home, is advanced by inflationists as proof that there must be a stimulation, an expansion, of money at home to arrest the tobogganing dollar.

There is another kind of "inflation"—the inflation which accompanied the prosperity of this country—high wages and big profits—during the World war. This is a government bond inflation, coupled with an assured demand for goods.

One such plan to finance economic recovery with government bonds will be stated next, in the final article of this series.

Prompt Relief

From Itching Eczema

It's wonderful the way soothng cooling Zemo brings prompt relief to itching, burning skin, even in severe cases. Itching stops the moment Zemo touches the tender and inflamed skin because of its rare ingredients. To clear away Rashes, Pimples, Eczema, Ringworm and restore the skin to normal, always use Zemo. Zemo is a one day treatment at the cost of 35c. It's worth the price, because it brings relief. 35c, 60c and \$1. All druggists.—Advertisement.

Let's Explore Your Mind

BY DR. ALBERT EDWARD WIGGAM, D. Sc.



1. No. A baby born with a high susceptibility to tuberculosis in a damp climate, if removed to a dry climate, might never dis-

2. Yes, provided they have learned to speak the same language and are not too widely separated in social customs, education and views of life. Love will bridge pretty wide gaps, but jarring manners and personal habits put a hard strain upon it.

The chief things that matter are not nationality, but common culture, similar personal habits, family and social customs and religious views that are not too antagonistic. The cross-marriage has no bad inherited effects on the children.

3. No. While she may be attracted to him personally, there is some barrier of bad manners, or social training, or dress or education that offends her good taste and judgment and makes her secretly ashamed of him.

She may have a motherly desire to "make him over," but wily efforts to make men over are not often a howling success. Sometimes they do work wonders with poor material, but to apply a Chinese proverb, they usually are "trying to comb the hair on an iron donkey."

cover it had "inherited" this characteristic.

Heredity means chiefly that certain characteristics will develop if the "expected environment" is provided. A seed has hundreds of characteristics within it, but without the expected heat, light and moisture they will not develop. So with all human characteristics, whether good or bad.

Dr. Wiggam will be glad to answer questions dealing with problems of conduct, morals, beliefs, husband and wife, parent and child—any question in the field of human relationships. Questions of general interest will be answered in this department. If personal reply is desired enclose stamped (3c) self-addressed envelope. Address Dr. Wiggam in care of The Indianapolis Times.

Renewed Foreign Trade Is Seen Hull's Chief Interest

Economic Internationalism

Likely Main Aim as State Secretary.

By Scripps-Howard Newspaper Alliance
WASHINGTON, Feb. 9.—The recent record of Senator Cordell Hull of Tennessee indicates that if he becomes state secretary he is likely to concentrate on economic internationalism with the idea of stimulating foreign trade by reducing tariffs over the world.

On domestic issues he has sometimes voted with the Progressives, sometimes with the conservatives.

Outside of tariff and taxes, Hull first as representative and later as senator has discussed virtually nothing on the floors of congress during the last decade.

His senate voting record shows him aligned with the Progressives on some of the important votes of the last twelve months.

But he voted against the Couzens proposal for reimposing the wartime income surtax rates and against the La Follette-Costigan relief bill of last spring.

In the house, Hull voted against one government operation Muscle Shoals bill in 1928, but in 1931 he voted for a second one.

He voted for the Jones "five and ten" prohibition law, and against the Bingham beer amendment, and at the Democratic national convention last year opposed the straight-out repeat proposal which was adopted.

On the other hand, he was author of the original income tax bill and he voted against the 1932 tax bill which transferred the 3 per cent electricity tax from power companies to consumers.

He opposed the sales tax. He opposed the cash bonus bill, and in the house he voted to abolish lame duck sessions.

He voted for the Hoover moratorium, but did not speak on it, and similarly was silent but in favor of the Philippine independence bill.

During the whole of last session

he spoke on the following subjects:

Depreciated currencies, economic situation, decreases in appropriations, revenue and finance, the tax bill, the tariff, the three-way farm plan, and unemployment relief.

His most ambitious effort was a bill to amend to prevent any

tariff increases for two years—a

moratorium project which he ad-

vanced as a breathing spell to a

world dizzy with increasing customs

dues.

The present assembly already has

repealed virtually all of these, totaling \$550,000, so that each suc-

cessive legislature may exercise direct

control over expenditures in these

departments.

Activities affected include voca-

tional education, state forester,

state chemist, social disease con-

trol, state entomologist and bee in-

spection.

The latest bill to come up pro-

poses organization of the entire

state governmental machinery un-

der six departments, headed by the

elective officers: Governor, auditor,

treasurer, secretary of state, attor-

ney-general and state superintend-

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Many of the existing forty-four

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