deficit would take care of itself if we would eliminate the $8 to $30 billion budget deficit. We worry about the wrong deficit. And doing nothing now will impose more of the top-rate surtax, ruinous price inflation.

Inflation caused the market price of silver to exceed the coin value, inviting people to profit by melting silver coins, causing them to disappear. In similar fashion, inflation caused the real price of gold to exceed the price fixed in 1934 by our commitment to buy gold from, or sell gold to, foreign governments at $35 an ounce, inviting France and other nations to profit by trading 34 30-cent dollars for a $35 ounce of gold from our reserve, causing half our $26 billion gold reserve to disappear. Foreign claims of $30 billion on the remaining $12 billion are still outstanding.

Technically, we are broke, and a lot worse than broke.

Our trouble stems from a long-continued economic policy mistake (unlimited deficit spending of credit created by banks as they "monetize" the bonds, to achieve economic growth and full employment with "reasonable price stability"). This "reasonable price stability" is a fraud, just another name for price inflation.

I might put in here that a wise and honest government would never tolerate inflation. It would manage its money in a way that would keep the free-market price level stable.

Congress could, and should, manage money in a way that would keep the free-market price level stable. Anyone familiar with elementary algebra knows that the number of dollars spent divided by the number of units of commodities paid for is equal to the average commodity price and that can be equal to the free-market price level.

If Government could raise the numerator, dollars, at the same rate that business raises the denominator, commodities, the value of the ratio, price, would be stable.

Now, as a matter of fact, for the last several years by deficit spending without any limitation on it we have been increasing the money supply of the country at about 12 percent a year, while business has been increasing the supply of commodities about 5 percent a year. This is the cause of price inflation.

It is money inflation, the cause of price inflation, and no government should do that.

If we had a stable price level just think what that would mean? We could plan and invest and save with confidence in the future value of the dollar. Contracts would be valid and the same pay would buy the same or better living year after year.

We wouldn't have any of this trouble. We wouldn't have lost any gold. We wouldn't have lost our silver coins. We wouldn't have imposed the cruelest tax of all on the poor—price inflation.

It is the duty and responsibility of any government to maintain the value of its money substantially constant.

Neither the Federal Reserve (with monetary measures) nor the Administration and Congress (with tax and fiscal measures) can predict and deal correctly with the velocity rate of dollars being spent next year—or next week. We need an automatic governor which, if the free-market price level rises, will raise the rate of a tax on the national income, taking dollars out of our personal pockets (reducing the value