The public may buy new Savings Bonds quickly and in large amounts. The public cashes in on its old ones almost as fast. There is, in short, little net gain in Savings Bond totals. Our government is not financing much more of its operations from this form of funds from year to year. In fact, with the dollar relentlessly losing value and expenditure totals rising, it has been financing proportionately less and less of its operations from the proceeds of Savings Bonds. And it is losing the proceeds of the nonsavings type of government bonds to the tune of hundreds of millions of dollars.

Good Intentions, Bad Results

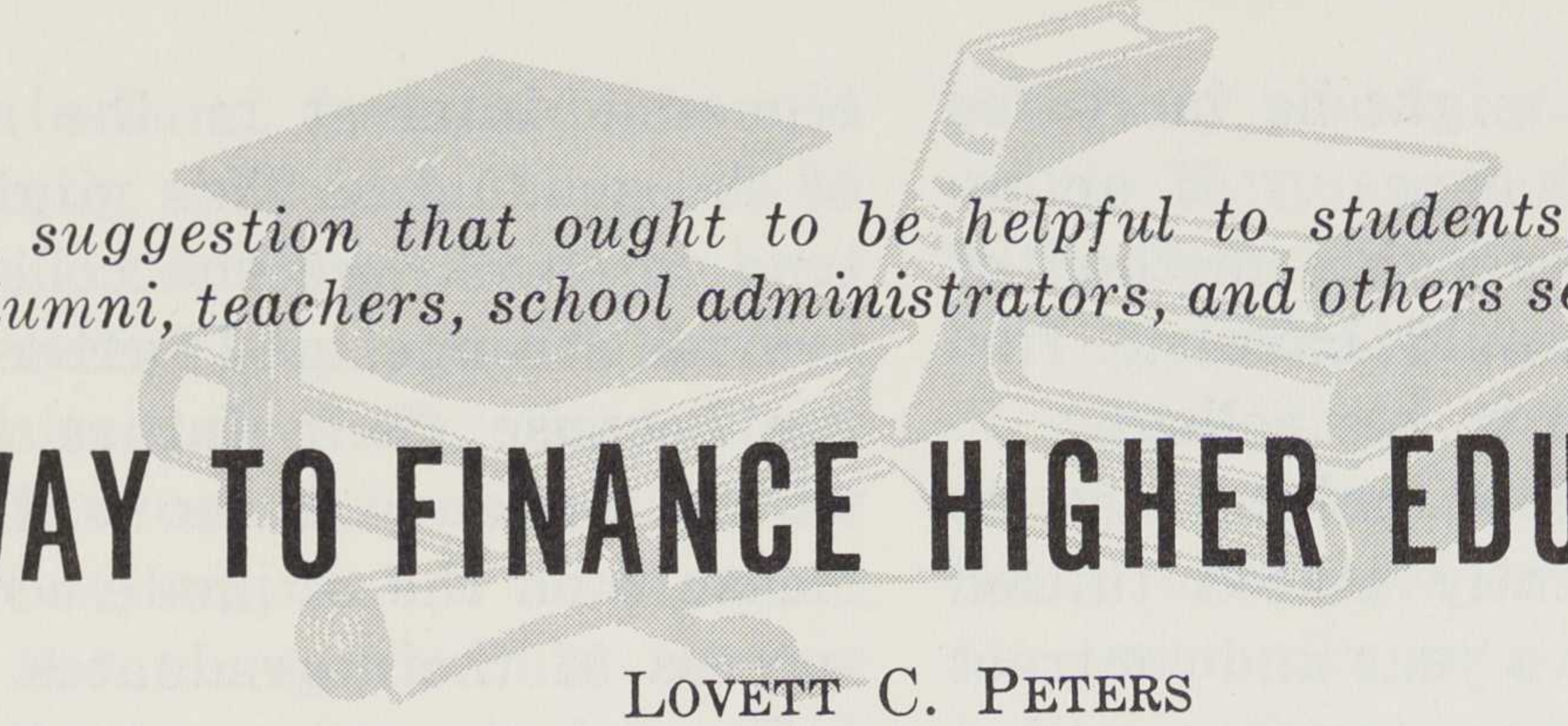
P. T. Barnum, the circus impresario, whose cynical comments on the gullible have become renowned, indeed would have enjoyed our readiness to support policies which are destroying our own savings.

When we embarked on an inflationary spending program, we did not realize that the result certainly would be that our dollars' purchasing value would be seriously reduced thereby. We wanted only to alleviate unemployment, to help a depressed industry, to inspire development, to provide higher wages for civil servants, higher pensions for the aged, and aid to farmers. We did not realize that it involved the artificial creation of money which would be left in circulation and be sure to reduce the purchasing power of the dollar. We rarely, if ever, look at both sides of the same coin. We may benefit, temporarily at least, but we seldom realize it was the very government policies and practices which we supported which have helped bring about the present inflation crisis.

Consider how this comes about. We may wish to have our government help maintain a high level of employment. Our government, therefore, may embark on a heavy spending program or cut taxes, or do both. Either way, more money is put into circulation. In thus seeking to have our government spur the economy we may have set in motion a far worse danger than that which we sought to alleviate.

We have learned that there is no pie-in-the-sky. We have learned the hard way that the real price of demanding something for nothing is the progressive destruction of the value of all our Canadian dollars — our shopping dollars — our pension dollars — our insurance dollars — our invested dollars.

This is the price a nation cannot endure without grave peril to the whole economic system. • • •



A suggestion that ought to be helpful to students, parents, alumni, teachers, school administrators, and others seeking . . .

A WAY TO FINANCE HIGHER EDUCATION

LOVETT C. PETERS

IN PRIVATE INSTITUTIONS, college and graduate school education has been heavily subsidized by income from endowment. Each student's tuition represents only a fraction of the cost of the service rendered, and, in addition, tuition for needy students may be reduced or eliminated through scholarship aid.

With the prospects of continued long-term inflation and very high personal income taxes, private colleges face a difficult time even in maintaining their present financial position, i.e., having endowment income cover their present percentage of total costs. Private colleges have thus far met this problem by increasing tuition and other charges. Of course, higher tuition charges create other problems, such as reducing the number of potential applicants and increasing the demand for scholarship funds for needy students. As a result, private colleges are continually re-examining their bases for charges in order to find a better method.

Offered here is a new method of charging for tuition. It is suggested not so much in the hope that it will prove to be the ultimate solution but in the hope that this approach may stimulate others to devise better methods, some one of which might provide a practical solution for the colleges.

It has been demonstrated that college education has substantial value to the recipient both in terms of higher lifetime earnings and other benefits. With this in mind, why not relate the charge for the education either to its cost or to an individual's lifetime earnings? A college might offer students three alternatives:

1. Tuition based on the gross cost to the college of supplying the education. (This would be computed without giving any credit for endowment income. Thus, annual tuition of, say,

---

Mr. Peters is Financial Vice-president of the Continental Oil Company, Houston, Texas. He is the son of a college professor, and many members of his family are in educational work.