pensation to his family and an income, however little, to his dependents. In such cases, the loss may continue for years. The killed man's services are lost for his normal life span and his dependents become a long-term burden on the nation's taxpayers and consumers. Such losses can never be measured or calculated, but they are real nonetheless.

So, in a market society every increase in consumers' goods or producers' goods permits us to buy more with whatever money we have, and every decrease in consumers' goods or producers' goods means ultimately higher prices and less for our money. Increased supplies of such economic goods help both the producers and everyone else who owns one or more units of money.

### Limited Goods Available

With money, the situation is quite different. Any increase in the supply of money helps those who receive some of the new supply, but it hurts all those who do not. Those who receive some of the new supply can rush out and buy a larger share of the goods and services in the market place. Those who receive none of the new money supply will then find less available for them to buy. Prices will rise and they will get less for their money.

Pumping more money into a nation's economy merely helps some people at the expense of others. It must, by its very nature, send prices up higher than they would have been, if the money supply had not been increased. Those with no part of the new money supply must be satisfied with less. It does not and cannot increase the quantity of goods and services available.

There are some who claim that increasing the money supply puts more men to work. This can only be so when there is unemployment resulting from pushing wage rates above those of a free market by such political measures as minimum wage laws and legally sanctioned labor union pressures. Under such conditions, increasing the money supply reduces the value of each monetary unit and thus reduces the real value of all wages. By doing this, it brings the higher-than-free-market wage rates nearer to what they would be in a free market. This in turn brings employment nearer to what it would be in a free market, where there is a job for all who want to work.[1]

Those who create and slip new supplies of money into the economy are silently transferring wealth which rightfully belongs to savers and producers to those who, without contributing to society, are the first to spend the new money in the market place. When this is done by private persons, they are called counterfeiters. Their attempts to help themselves at the expense of others are easily recognized. When caught, they are soon placed where they can add no more to the money supply.

[1] See "Jobs for All" by Percy L. Greaves, Jr. in the February 1959 issue of THE FREEMAN.



### Governments Inflate

In recent generations our major problem has not been private counterfeiters. It has been governments. Over the years, governments have found ways to increase the money supply that not more than one or two persons in a million can detect. This is particularly true when production is increasing and when more and more of the monetary units are held off the market. Nonetheless, whether prices go up or not, every time a government increases the money supply, it is taking wealth from some and giving it to others.

This semi-hidden increase in the money supply occurs in two ways:

One, by the creation and issuance of money against government securities. This is a favorite way to finance government deficits. Government securities that private investors will not buy, because they pay lower-than-free-market interest rates, are sold to commercial banks. The banks pay for such securities by merely adding the price of the securities to government bank accounts. The government can then draw checks to pay suppliers, employees, and subsidy recipients. (This process is encouraged and increased by technical actions and direct purchases of the nation's central bank. In the United States, these powers reside in the Federal Reserve Board, which has not been hesitant about using them.)

The government thus receives purchasing power without contributing anything to the goods and services offered in the market place. It thus gets something for nothing. As a result, there is less available for those spending and investing dollars they have received for their contributions to society. The consequence of such government spending is that prices are higher than they would otherwise have been.

Two, the other major semi-hidden means of increasing the money supply is for banks to lend money to private individuals or organizations by merely creating or adding a credit to the borrowers' checking accounts. In such cases, they are not lending the savings of depositors. They are merely creating dollars, in the form of bank ac-