way, by the amount of our debt to the bank.

While most of this new money of ours circulates in the form of checks, it is just as real as if it were paper or metal money.

III.

This new extra inflationary money created for us, as individuals, for our private use is short lived: it disappears from the nation's money supply as soon as we pay our debt to the bank. But the extra money created for government, stays and stays and stays in the economy.

There is now more than 100 billion dollars of it in our system, and the most for which we can reasonably hope in the near future is that it will not get any worse.

This year however, it seems that another $13 billion will be added.

The point most often forgotten is that high prices do not cause the issuance of this money: *it is the issuance of this money that causes high prices.*

The reason that this extra money increases prices is that it does not represent the production of any extra goods or services for which the money can be exchanged; the people simply use more

dollars to produce and exchange the same quantity of goods and services.

We hear demands from some quarters for some sort of political or economic magic that will bring back the purchasing power of the dollar without reducing the number of dollars in the pay envelope.

This wishful thinking ignores the fact that the flood of new unearned money has forced the worker into chasing his own tail in an endless effort to keep his wages abreast of living costs, and that a great part of every raise he got was almost immediately taken from him by still higher prices.

These higher wages are called "social gains for labor," and the higher costs are called "greediness of the selfish interests."

As it happens, neither of these definitions is true.

IV.

One of the most frequently asked questions is: *What is the reason that prices rise every time wages and salaries rise?*

The reason is that selling prices are practically the same as wages and salaries.

To prove this point, take an average manufactured product selling for $10.