

STABILIZATION OF PRICES



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STABILIZATION OF PRICES

A CRITICAL STUDY OF THE
VARIOUS PLANS PROPOSED FOR STABILIZATION

BY

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To
MY FORMER TEACHER AND COLLEAGUE
EDWIN WALTER KEMMERER
WHOSE DISTINGUISHED ACHIEVEMENTS
IN SCHOLARSHIP AND PRACTICAL
CURRENCY REFORM HAVE MADE HIM
THE BENEFACITOR OF LEARNING AND
MONETARY PROGRESS

AUTHOR'S PREFACE

This book is an attempt to state and analyze a problem which at present engages the earnest attention of a large body of economists and laymen. It has reached a point where many students are convinced that some step more positive than discussion and study should be taken. I am not able to concede that the situation is so desperate as to call for such a measure or that we are equipped with the knowledge necessary to determine what that measure should be. If this effort fails to offer a positive solution I hope it will at least provide the stimulus for a more effective and satisfactory study of the problem. I have tried to use the inductive method so far as possible. It has been necessary to marshal considerable statistical material. The greatest care has been exercised in the reading of proof, the checking of quotations and the verification factual calculations. I wish to apologize for any errors which may remain undisclosed and uncorrected and hope that they will not disturb the burden of the argument.

It is difficult to make acknowledgments. The roots of such a work reach back so far and extend into such multifarious pockets of soil that a complete statement of credit due becomes impracticable. It is an agreeable privilege, however, to be able to single out one to whom gratitude is particularly and overwhelmingly due, Professor Edwin Walter Kemmerer. As a student I worked under him with pleasure. As a teacher I worked alongside him with pride and profit. The field of monetary theory became an entrancing vale in which we have pressed our explorations. His clear exposition and refreshing tolerance were an inspiration. The seed of this work was planted in his seminar and its cultivation progressed to maturity under his encouragement. To Professor Frank A. Fetter I am indebted for my

foundation in theory. He was ever ready with advice and help whose great value my increasing maturity as a student has served to emphasize. In particular do I owe him thanks for his careful examination of the chapters on the discount rate and for valuable constructive criticism. It would be difficult to discover kindlier or abler counsellors than Professor David A. McCabe and Professor Frank H. Dixon. They were singularly liberal with their time and labor. Their support and encouragement have been a source of great comfort to me.

I wish to thank Professor F. W. Taussig for his careful editing of the chapter on multiple loans. This appeared in the *Quarterly Journal of Economics*, August, 1928, under the title, "Borrowed Reserves and Bank Expansion." I acknowledge the kind permission of that periodical to use the article on this occasion.

I am grateful to Professor James D. Magee of New York University for a careful reading of the text while under preparation and for many helpful suggestions. To Professor Walter E. Spahr of the same institution I am obliged for a painstaking criticism of form and methodology.

JOSEPH STAGG LAWRENCE.

Princeton, New Jersey.
November, 1928.

CONTENTS

PART I. INTRODUCTION

	PAGE
CHAPTER I. THE PROBLEM	3
The problem stated—Shall the quantity of gold subject to world influences of supply and demand or the deliberate and conscious administration of men, determine the general level of prices?	
CHAPTER II. FUNCTIONS OF MONEY	7
The functions of money—A medium of exchange—A standard of value—A storehouse of value—A standard of bank reserves—A standard of deferred payment—The responsibility of the standard in maintaining the ratios of distribution—The most important function—The incidence of this function in the process of determining personal incomes—Its importance in determining the national dividend.	
CHAPTER III. GOVERNMENTAL INTERFERENCE	26
Deliberate governmental interference in the value of the standard due to three causes—Inability to secure necessary funds—Pressure of classes for special favors—Desire to achieve a commendable social purpose.	
CHAPTER IV. THE FAILURE OF GOVERNMENT FINANCE	28
Inability to secure necessary revenue as a cause of inflation—The case of the revolting colonies—The case of Germany—Difficulty in passing judgment.	
CHAPTER V. PRESSURE OF CLASSES	38
Pressure of classes as a cause of inflation—Early American colonies—Paper money and the Constitutional Assembly—Attempts to resort to bills of credit after the Revolution—The Greenback movement—The present situation.	
CHAPTER VI. A COMMENDABLE SOCIAL PURPOSE	52
Disinterested attempts to achieve a commendable social purpose—No attempts successful—Objects general and vague—Division of counsel.	

PART II. STABILIZATION PLANS

	PAGE
CHAPTER VII. THE DOLLAR OF PROFESSOR FISHER	59
The stabilized dollar of Irving Fisher—Early reception of the plan—Course of the movement up to 1920-1921.	
CHAPTER VIII. THE AFTERMATH OF WAR	64
Post-war inflation and deflation—Their relation to stabilization plans—Criticism of Federal Reserve policy—Attempt to attribute excessive power to the Board—Such power a source of danger—Statistical evidence—Denial by Board.	
CHAPTER IX. THE GOLDSBOROUGH BILL	79
The Goldsborough Bill—Fisher's explanation—Co-operation of the Federal Reserve Board required—Objections by Representative Wingo.	
CHAPTER X. CRITICISM	93
Criticism of the Goldsborough Bill—Injury to producer of gold—Would destroy stability of exchanges—Impair profits of exporters and importers—Unconstitutionality of plan—Effect on national pride—Disturbance of equities of debtors and creditors—Fluctuation of prices less objectionable than deliberate control—Interference with tariff—Failure to take human nature into account.	
CHAPTER XI. THE STRONG AMENDMENT	113
Open market and discount powers to control the price level—The original Strong Amendment—Testimony of witnesses—Professor Irving Fisher—Dr. William T. Foster—Governor Norris—Professor Oliver W. Sprague—Dr. Adolph Miller—Governor Strong—Principles which guide the Board in the administration of credit—Summary of criticism—Revised Strong Amendment—Criticism.	
CHAPTER XII. THE KEYNES PLAN	141
His opposition to the gold standard—Exaggeration of its defects—Relation to the Fisher plan—Power of the Bank of England to vary the price of gold—Use of open market and discount powers—Regulation of internal and external stability—Regulation of the note issue—Statement of plan by author.	
CHAPTER XIII. THE HAWTREY PLAN	151
The regulation of the demand for gold through international agreement—International gold exchange standard—No improvement over gold standard—Faith in the power of the discount rate—Success of plan contingent upon English and American adoption—Statement of plan by author.	

CONTENTS

xi

	PAGE
CHAPTER XIV. THE SNYDER PLAN	158
Mechanical application of open market and discount powers of Federal Reserve Banks—The principle of progression in rise of discount rate and extent of open market purchases and sales—Statement of plan by author.	
CHAPTER XV. THE GENOA AND LEHFELDT PLANS	161
Both plans based on international co-operation—Possibility of such co-operation—Professor Taussig's view—Genoa plan would control the demand for gold and economize its use through extension of gold exchange standard—Statement of the Genoa plan—Statement of the Lehfeldt plan.	
CHAPTER XVI. THE KNAPP PLAN	168
Unorthodox premises of writer—Esoteric nomenclature—Determination of value an act of the state—External value of unit depends upon trade balances—By proper administration both internal and external values can be controlled by the state—Gold a convenient but not necessary money material—Its general use an historical accident—Positive proposals—Summary of theory.	
CHAPTER XVII. THE LEWIS PLAN	175
A modern version of the tabular standard—A proposal to displace gold as our standard material—Difficulties of a multiple standard with multiple redemption—Statement of the plan.	
CHAPTER XVIII. THE FORD PLAN	181
A theoretical curiosity and a monetary anachronism—Statement of the plan.	
CHAPTER XIX. SUMMARY OF PLANS	183
Similarity of premises and proposals—Inadequacy of existing standard—Necessity for deliberate management through open market powers—Control of discount rate—Control of currency and credit supply.	
PART III. THE THEORETICAL AND PRACTICAL POSSIBILITY OF STABILIZATION	
CHAPTER XX. THE GOLD STANDARD	187
Theatrical indictment of gold by Professor Fisher—An egg or carpet standard preferable—Ring the changes on the evils of rising and falling prices—Most striking illustrations taken from the experiences of countries not on the gold standard—Inflation as a cause of war—Ford's attack on gold—Keynes and the gold	

standard—Past stability an accident—Future price levels a hazard—Exaggerating the cost of maintaining the gold standard—Evidence used for this assault not fair—Average annual fluctuation over a period of 145 years only 4.5 per cent—Barring war periods this is reduced to 2 per cent—Impossible to compare standard of value with physical standards—Rate of changes and not total range important in appraising stability—Fisher and the egg standard—Comparison of the purchasing power of gold with that of wheat—Cotton—Pig iron—Combined commodity standard—A “managed” gold standard.

CHAPTER XXI. OPEN MARKET OPERATIONS 216

Organization of Open Market Committee—Open market transactions in 1923 and 1924—Price situation as a reason for participation in open market—Governor Strong on the difficulty of using price index as sole guide—Checking up on effects of policies—Technical objectives and open market powers—Quarterly tax operations—Foreign bank balances—Member bank window dressing—Compensation of seasonal flow of funds—Emergencies—Need for substantial supply of short-term government securities—Subordination of Treasury policy—Political danger—Government securities and other central banks—Government securities and legislative intent—Cultivation of domestic discount market—Need for such a market—The Federal Reserve Board and its development—Volume of paper insufficient for regulatory purposes—Defects of government securities as instruments of regulation—Bills discounted by member banks—Inadequacy of bank acceptances—Ample supply of government securities only answer—Professor Commons and open market powers—Misapprehension of effects—“Delicate control”—Examination of popular theory—Fallacies—Operations and supply of bank credit—Supply of bank credit and prices—Statistics.

CHAPTER XXII. CENTRAL BANK RATES AND PRICE LEVELS 291

Earlier controversy—Wicksell and his theory of price control—Cassel the heir of Wicksell—Central bank rates and the price level—Object of central bank policy—Value of gold in terms of goods—Gold as an instrument of stabilization—Relation between interest rate, quantity of credit and price level—Interest as cost of loan—Interest as price paid for use of capital—Prospects of repayment and the rate of interest—Central bank rates and member bank rates—As a banking cost—Other costs compared to interest on borrowed reserves—Analogy with industry using a single raw material—Central bank rates affecting member bank rates—Interest rates as an artificial price element capable of regulation—Interest theories and rate control—Reversing the normal causal order—Limitations of range within which discount rate can move—Use of discount rate to control price level.

CHAPTER XXIII. CENTRAL BANK RATES, BORROWED RESERVES AND BANK EXPANSION 327

The issue—Multiplying a loan from the central bank—Division of opinion—View of Professor Phillips—His premises—Distinc-

CONTENTS

xiii

PAGE

tion between primary and derivative deposits—Distinction examined—Ratio of derivative deposits to loans—Capital and commercial loans—Estimates of deposit ratio—Orbit of check circulation—Proportion passing through clearing operation—Description of method—Procedure summarized—Result for five year period—Two other methods—Conclusions as to proportion passing through clearing operation—Expansion on basis of new premises—Primary, secondary and subsequent expansions—Coefficients of expansion—Passive role of bank and importance of community will—Theoretical possibilities versus “laws”—Coefficients modified to account for cash—Caution as to bank profits—Bank expansion and the discount rate.

CHAPTER XXIV. PROGRESSIVE DISCOUNT RATES 375

Current criticism of Federal Reserve discount policy—Dilemma of Board—Rule of thumb versus judgment—Abuse of common credit reservoir—Post-war pressure to expand—Inability of Board to check offending institutions—Choice of alternatives—Outright denial—Flat increase—Graduated increase based on extent of accommodation—Choice of Board—Phelan Amendment—Methods of applying progressive rates—Reaction—John Skelton Williams—The 87½ per cent case—Its exploitation by enemies of the Board—Progressive rates and deflation—Lesson of experience—Appendix.

CHAPTER XXV. CENTRAL BANK RATES AND PRICE CONTROL IN ENGLAND, FRANCE AND GERMANY 412

Federal Reserve Banks and Bank of England—A comparison—Position—Age—Political persecution—Accountability—Government deposits—Banking reserves—Centralization of banking structure—The banking community—Liaison—All advantages with Bank of England—Correlation between banking policy and price level—Lesson of statistics—French and German statistics.

CHAPTER XXVI. PRICE STABILIZATION AND THE QUANTITY THEORY 432

Quantity theory and stabilization plans—Antecedents of author—Challenge of quantity theory—Causal significance of money factor—As a source of all other changes—As an effect rather than a cause—The Austrian experience—The Greenback experience—The German experience—Causal origin in monetary supply and proportionality of changes—Theory of elasticity and money as a causal factor—Functional relationship of money and credit—Statistical evidence and a rigid ratio—Limits of variation—Changes within these limits and price control—Velocity of circulation of Money and Credit as independent variables—Business activity and changes in price levels—Need for preventing price changes—The gift of prophecy—Compensatory changes in individual prices—An automobile ride—The Quantity Theory as an intellectual tool—Recognition of limitations—Plausible hypotheses and precise physical laws—Scientific theory and practical engineering.

CONTENTS

	PAGE
CHAPTER XXVII. SUMMARY AND CONCLUSION	467
Approval of end but not means of stabilization—Precedent for government intervention—Inflation and deflation—Attack on gold standard—Open market powers—Discount rate as a bank cost—Discount rate as a cost of bank expansion—Graduated discount rates—The quantity theory and price stabilization—Measures to promote stability.	
BIBLIOGRAPHY	475
INDEX	481

LIST OF CHARTS

CHART	PAGE
I RELATION OF DISCOUNT RATE TO BUSINESS ACTIVITY, RESERVE RATIO AND DEMAND DEPOSITS IN U. S., 1919- 1923	69
II RELATION OF MONEY IN CIRCULATION TO DEPOSIT CREDIT AND PRICE LEVEL	75
III RELATION OF BUSINESS ACTIVITY AND PRICE LEVEL TO TOTAL EFFECTIVE PURCHASING POWER AND DISCOUNT RATE	77
IV PROFESSOR FISHER'S CHART SHOWING RELATIVE STABILITY OF CERTAIN COMMODITIES, EACH MEASURED IN TERMS OF COMMODITIES IN GENERAL	189
V PURCHASING POWER OF GOLD, 1779-1925	200
VI WHOLESALE PRICE INDEX AND COST OF LIVING INDEX, MONTHLY	202
VII WHOLESALE PRICE INDEX AND INDEX OF GENERAL PRICES, MONTHLY	204
VIII PURCHASING POWER OF WHEAT AND GOLD, 1846-1912	207
IX PURCHASING POWER OF COTTON AND GOLD, 1846-1912	208
X PURCHASING POWER OF PIG IRON AND GOLD, 1846-1912	209
XI PURCHASING POWER OF WHEAT, COTTON AND PIG IRON COMBINED AND GOLD, 1846-1912	210
XII RELATIVE STABILITY IN VALUE OF EGGS AND GOLD, 1913- 1922	212
XIII AVERAGE DAILY HOLDINGS OF BILLS BOUGHT, BILLS DIS- COUNTED AND GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS, 1922-1926	277
XIV AVERAGE DAILY HOLDINGS OF GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS, RESERVE DEPOSITS AND TOTAL VOLUME OF TRADE	280

LIST OF CHARTS

CHART	PAGE
XV AVERAGE DAILY HOLDINGS OF GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS, LOANS AND INVESTMENTS OF MEMBER BANKS AND RATIO OF RESERVES TO LOANS AND INVESTMENTS	283
XVI EFFECT OF OPEN MARKET OPERATIONS ON COST OF MONEY	285
XVII PERCENTAGE RELATION OF VARIOUS COMPONENT ELEMENTS OF NET EXPENSES TO TOTAL NET EXPENSES .	310
XVIII EFFECT OF CENTRAL BANK RATE ON MEMBER BANK RATE AND MEMBER BANK PROFITS	314
XIX RELATION OF INCREASE IN THE COST OF INTEREST, DISCOUNT ON BORROWED MONEY, NET PROFITS AND RATIO OF NET PROFITS TO CAPITAL AND SURPLUS	318
XX RATIO OF LOSSES AND RECOVERIES TO NET EXPENSES . .	319
XXI RELATION BETWEEN THE BANK RATE AND THE PRICE LEVEL IN ENGLAND	421
XXII BANK RATE, CIRCULATION AND THE PRICE LEVEL IN GREAT BRITAIN, MONTHLY, 1919-1927	423
XXIII BANK RATE, CIRCULATION AND THE PRICE LEVEL IN GERMANY, MONTHLY, 1924-1927	428
XXIV BANK RATE, CIRCULATION AND THE PRICE LEVEL IN FRANCE, MONTHLY, 1919-1927	430
XXV RELATION OF CHANGES IN THE SUPPLY OF MONEY AND PRICES IN GERMANY, MONTHLY, 1924-1927	444
XXVI RELATION OF CHANGES IN THE SUPPLY OF MONEY AND PRICES IN THE U. S., MONTHLY, 1921-1925	446

LIST OF STATISTICAL TABLES

	PAGE
RATIO OF RECEIPTS TO NET EXPENDITURES OF PRINCIPAL BEL- LIGERENTS	36
BREAK IN PRICES IN DIFFERENT COUNTRIES	66
CONSUMPTION STANDARD OF SIR GEORGE EVELYN	176
GOLD IN TREASURY AND FEDERAL RESERVE BANKS IN DECEMBER OF 1919-1924	197
SHORT TERM GOVERNMENT SECURITIES OUTSTANDING AT END OF EACH MONTH AND HOLDINGS OF SAME BY FEDERAL RESERVE BANKS, 1917-1926	233-234
MATURITY DISTRIBUTION OF BILLS, CERTIFICATES OF INDEBTEDNESS AND MUNICIPAL WARRANTS HELD BY FEDERAL RESERVE BANKS	253
VOLUME OF ACCEPTANCES IN AMERICAN MARKET	256
AVERAGE DAILY HOLDINGS OF BILLS BOUGHT IN OPEN MARKET BY FEDERAL RESERVE BANKS	258
ACCEPTANCES CLASSIFIED ACCORDING TO ORIGIN IN DOMESTIC OR FOREIGN TRADE	259
RESERVE DEPOSITS OF MEMBER BANKS FOR 1923	271
STATISTICS BEARING ON RELATION OF OPEN MARKET OPERATIONS AND MEMBER BANK CREDIT	278-279
AVERAGE RATES CHARGED ON DISCOUNTED BILLS BY FEDERAL RE- SERVE BANKS, 1922-1926	287
MONTHLY AVERAGE RATE ON PRIME COMMERCIAL PAPER AND CALL LOANS IN NEW YORK, 1922-1926	287
AVERAGE RATES CHARGED BY MEMBER BANKS ON CUSTOMERS' PAPER REDISCOUNTED WITH FEDERAL RESERVE BANKS	288-290
IMPORTANT INCOME STATEMENT ITEMS OF ALL NATIONAL BANKS	305
IMPORTANT INCOME AND BALANCE STATEMENT ITEMS AND RATIOS OF ALL NATIONAL BANKS	306

	PAGE
PERCENTAGE RATIO OF IMPORTANT EXPENSE ITEMS TO NET EXPENSES FOR ALL NATIONAL BANKS	307, 309
COST OF EXTENDING \$1000.00 OF CREDIT BY AVERAGE NATIONAL BANK	311
EFFECT OF INCREASE IN REDISCOUNT RATE ON MEMBER BANK RATE WHERE LATTER ABSORBS ALL OF FORMER	312
NET ADDITION TO PROFITS, RATIO OF NET PROFITS TO CAPITAL AND SURPLUS, INTEREST AND DISCOUNT ON BORROWED MONEY FOR ALL NATIONAL BANKS, 1918-1926	317
RATIO OF VARIOUS BANK LOSSES TO NET EXPENSES AND RECOVERIES TO LOSSES	319
CLASSIFICATION OF BANK DEPOSITS	341
PERCENTAGE OF CHECKS CLEARED BY METHOD I, 1922-1926	356
CLEARING STATISTICS OF PROFESSOR FISHER, 1896-1909	357
PERCENTAGE OF CHECKS CLEARED BY METHOD II, 1922-1926	360
PERCENTAGE OF CHECKS CLEARED BY METHOD III, 1922-1926 AND SUMMARY	361
DISCOUNTED AND PURCHASED BILLS HELD BY GROUPS OF FEDERAL RESERVE BANKS	399
EFFECT OF PROGRESSIVE RATES ON PARTICULAR BANKS	402
AVERAGE DISCOUNT RATES IN PROGRESSIVE AND FLAT RATE DISTRICTS	405
GOVERNMENT AND OTHER DEPOSITS IN BANK OF ENGLAND AND THE FEDERAL RESERVE BANKS	415
ASSETS AND BRANCHES OF ENGLISH BANKS	418
LONG TIME RELATION BETWEEN THE BANK RATE AND THE PRICE LEVEL IN ENGLAND, 1845-1927	422
BANK RATE, CIRCULATION AND THE PRICE LEVEL IN GREAT BRITAIN, MONTHLY, 1919-1927	424-426
BANK RATE, CIRCULATION AND THE PRICE LEVEL IN GERMANY, MONTHLY, 1924-1927	429
BANK RATE, CIRCULATION AND THE PRICE LEVEL IN FRANCE, MONTHLY, 1919-1927	431

LIST OF STATISTICAL TABLES

xix

	PAGE
COMPARISON OF THE CURRENCY VALUE OF GOLD AND THE PRICE LEVEL FOR THE WAR PERIOD 1860-1865	442
TABLE OF CORRELATION TESTS FOR MONEY AND PRICES	448
COMPARISON OF DECEMBER PRICES WITH ANNUAL PRICES, 1890- 1914	449
RATIO OF MONEY TO BANK DEPOSITS	450-451
VELOCITY OF BANK DEPOSITS—ANNUAL RATE OF TURNOVER . .	454

SELECTED BIBLIOGRAPHY

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INDEX

A

Agger, E. E., 329
American Bankers Association, 380
American discount market, 249
American Society of Civil Engineers, 464-466
Anderson, B. M., 62, 445

B

Bagehot, Walter, 291
Bank acceptances, 256
 average holdings by F. R. Banks, 258
 French government, 257
 limitations, 261, 262
 origin, 259
Bank credit, pillars of, 346
Banking
 commercial, 339
 investment, 340
Bank of England, 412
 age of, 412-413
 centralization, 418
 community of interest, 419-420
 discount rate, 145
 freedom, 414
 government deposits, 415
 guardian of reserves, 417
Bank of France, 18
Bills of credit, 38, 41, 42, 44
de Bordes, J. Van Walré, 98, 438-439
Bryce, James, 35, 43
Burgess, W. R., 349
Burtness, Olger B., 111

C

Capital, flight of, 24
Cassel, Gustav, 293-300
Central Banks, 73, 74, 152
Civil War, 45

Clark, J. M., 62
Clearing operations, 345-362
 statistics bearing on, 357, 358
 summary of methods and results, 355, 356, 361
Commercial and Financial Chronicle, 60
Commission of Agricultural Inquiry, 64, 328, 370
Commons, John R., 266, 267
Credit control, 269-271
Credit expansion
 cash withdrawals, 370-371
 community will, 367
 final coefficient of, 367
 illustration of, 364
 mediate coefficient of, 367
 premises, 362
 primary coefficient of, 363
 successive expansions, 365-366
Creditors, 101-105
Credit restriction, 382
 direct action, 382-386
 flat rate, 387

D

Debtors, 40, 101, 105
Debt, war, U. S., 240
Deflation, 68-70, 188-192
Deposits, 333-339
 classification, 341
 derivative, 333-339
 in U. S. banks, 348
 primary, 333-339
 ratio to loans, 339
Deprivation of property, 99
Discounted bills, 253-254
Discount market, 242
 need for, 243-246, 247
Discount rates, 68-70
 efficacy of, 68, 72, 74, 152-153

E

- Edwards, G. W., 329
- English foreign trade, 144
 - discount market, 249, 250
 - exporters, 144
 - importers, 144
- Evidence against gold, 199, 200

F

- Farm Labor Union, 48
- Federal Reserve Banks
 - decentralization, 417
 - government deposits, 416
 - reserves of banks, 417
- Federal Reserve Board, 128-131
 - effects of policies, 223-224
 - factors affecting policies, 222
 - motives and policy, 219-220
 - partiality, 49, 50
 - power, 78
 - price level, 225
- Fifth Amendment, 99
- Fisher, Irving, 59, 60
 - gold standard, 187, 188
- Fisher, Willard C., 176
- Fitzwater, 48
- Ford, Henry, 181, 193, 433
 - plan, 181, 182
- Foreign trade, 94
- Foster, William T., 115
- France, 19-24
 - imports and exports, 19
- Free silver, 47
- Friday, David, 62
- Function of gold, 120, 122, 123

G

- Genoa Conference, 162-165
- Germany, 32-33
- Gold
 - convertibility, 296-297
 - instability, 200-204
- Gold producers, 87, 93
- Goldsborough, Alan T., 126
- Goldsborough Bill, 126
- Gold standard
 - cost of, 197

- Gold standard (*Continued*)
 - instability of, 143, 194-198
 - managed standards, 214, 215
 - other standards, 205-210
 - physical standards, 204-205
 - responsibility for changes, 213-214
 - speculation, 87
 - value of, 200-204, 142, 198, 199
- Government bonds, 264, 265
- Government securities, 230
 - advantages of, 265
 - character of, 237-238, 239
 - importance of, 230
 - legislative intent, 242
 - limitations of, 238, 251-252
 - supply of, 231, 233-236, 251
 - Treasury policy, 231-233
 - use by other central banks, 241
- Government interference in value of standard, 26, 27
- Greenback experience, 45, 46, 439-442

H

- Harding, W. P. G., 115
- Harvey, Sir Ernest, 250
- Hawtrej, R. G., 151, 432
 - plan, 154-157
- Hollander, J. H., 62

I

- Individualism, 30
- Inflation, 28, 35, 40, 68, 70, 188-192
- Interest
 - application through bank rate, 427
 - as a cost, 304-320
 - as a price, 301-304
 - as a price control, 320
 - conclusions, 325, 326
 - England, 421, 422
 - France, 431
 - Germany, 429
 - limitations, 48, 324
 - rates in Georgia, 379
 - statistics, English, 422, 424-426
 - statistics, U. S., 305-307, 319
 - theories, 321-324
- International obligations, 102, 105

K

Kansas City District, 381
 Kemmerer, E. W., 61, 434
 Kentucky, 44
 Keynes, J. M., 141, 433, 453
 plan, 146-150
 King, Wilford, 67
 Kinley, David, 62
 Knapp, G. F., 168
 quantity theory, 171, 433
 theory, summary of, 173, 174
 Kniffen, W. H., 328
 Knox, 41

L

Lag, in prices, 457
 Langston, L. H., 327
 Laughlin, J. L., 62
 Lehfeldt, R. A., 161
 plan, 165-166
 Lewis, G. M., 175
 plan, 177-180
 Lombard, Norman, 114

M

MacLeod, H. D., 329
 Manipulation of exchanges, 171
 Manipulation of standard, 171
 Mason, 42
 Massachusetts, 38
 McFadden, Louis T., 121
 Midland Bank, 272
 Miller, Adolph C., 127, 128, 140
 Missouri, 44
 Money
 agent of distribution, 11-15
 dual character, 9-11
 functions of, 8
 governmental interference, 26
 importance, 15-17
 means of exchange, 9
 need for, 7
 paper, 38-40
 purpose of standard, 4
 standard of bank reserves, 11
 standard of deferred payments, 11
 standard of value, 9

Money (*Continued*)

 storehouse of value, 11
 value of, 169
 Mitchell, W. C., 439-442
 Moulton, H. G., 341

N

National Income, 17-25
 National pride, 97
 Nogaro, B., 443, 445
 Norris, G. W., 118, 120, 124

O

Open Market Committee, 119, 216
 balances of foreign banks, 227
 bank statements, 228
 currency demands, 228, 229
 emergencies, 229
 principles governing, 217, 218
 quarterly tax adjustments, 226
 seasonal changes, 229
 Open market operations
 conclusions, 284-285
 credit control, 283-286
 limitations on central banks, 275
 misapprehension of, 276
 statistics bearing on, 278-279
 theory of, 273, 274

P

Patterson, E. M., 62
 Phelan Act, 387, 389
 Phillips, Chester A., 329-333
 Pickney, 41
 Plehn, Carl C., 62
 Politician, 34
 Price bureau, 95, 97
 Prices, table of break in, 66
 Progressive rates, 375
 application of, 391
 as excess profits tax, 396
 complaints, 405
 criticism, 393-397
 detailed description, 408-411
 effect, general, 397-398, 400
 effect on individual banks, 402-403

- Progressive rates (*Continued*)
 effect on interest charges of
 banks, 404
 repeal of, 406
 unusual cases, 392
 Williams, J. S., 394, 397
- Q
- Quantity theory, 432
 basis, 434
 compensation of changes, 460-461
 Fisher and, 436-438
 lag in prices, 457
 limitations of, 463-464
 money and prices, 447, 448
 prophecy of changes
 Fisher, 457-458
 Snyder, 459-460
 relation of money and credit, 450-452
 statement of, 435
 statistics on, 449, 450, 451
 table of correlation, 448
 theory of elasticity and, 448-449
 velocity of bank deposits, 453-455
 velocity of money, 452-453
 volume of trade, 455-456
- R
- Randolph, 41
 Reserve ratios, 68-70
 Revolution, 29
 Rogers, J. H., 192
- S
- Seligman, E. R. A., 62
 Shays, 40, 42, 43
 Shibley, George, 50, 91
 Smith, J. Allen, 59
 Snyder, Carl, 71, 158, 199, 349, 359, 433
 Snyder plan, 158-160
 Social responsibility, 31, 36
 Sprague, O. M. W., 122, 125
 Stabilization, objects, 52
 Stabilization plans, common premises of, 183-184
- Stabilized dollar, 59
 Stable prices, 124, 128-131
 Starr, Western, 48, 49
 Steagall, Henry B., 89, 92
 Strong amendment, 113
 revised, 132-136, 138, 139
 summary of hearings on, 132
 Strong, Benjamin, 117, 123, 126, 370
 Strong, James G., 112
 Supreme Court, 44
- T
- Tabular standard, 176
 Tariff and the Fisher plan, 106
 Taussig, F. W., 61, 62, 161, 162
 Taxation, 29-30, 35
 Tinnes, D. J., 59
 plan, 110
 Trade acceptance, 248
- U
- United States Banks, 45
- V
- Value of money, 9-11, 169
 Velocity of bank deposits, 453-455
 Velocity of money, 452-453
 Volume of trade, 455-456
- W
- Warburg, Paul, 116
 Westerfield, Ray B., 329
 Whitaker, Albert C., 61, 432
 White, Horace, 28-29, 329
 Whitney, M. R., 327
 Wicksell, Knut, 292
 Williams, Aneurin, 59
 Willis, H. P., 329, 389
 Wingo, Otis, 90, 390
 Withers, Hartley, 292
 Wolf, Frank A., 67
- Y
- Youngman, Anna, 71