

Purchasing Power of Money in War Time.

[Treasury Department, Bureau Publicity, War Saving.]

PPOINTING OUT that never before in history has an understanding of the simple principle of economics been so sorely needed, a committee of eminent economists engaged in the study of the purchasing power of money in war time, issued to-day its first public statement.

After exhaustive investigation this committee has reached its conclusion unanimously. It would impress upon us the imperative need of a reduction of consumption and an increase of production, of the repression of nonessentials, and of promotion of organization and redirection of industry.

"In meeting the great national readjustment to war conditions," the committee says, "we must not let our 'business-as-usual' impulses prevent the needed saving and shifting of industry, lest we pay a terrific penalty in higher cost of living and national inefficiency."

The committee finds the public confused and vacillating between two economic philosophies—the simple, direct, old-fashioned, correct philosophy of saving and working and the fellacious philosophy, best epitomized as "business as usual." "One of our greatest perils is further credit expansion," the committee says, "and this peril comes largely from our lending by borrowing." The committee points out the right way and the wrong way to lend money to our country. "The right way," it says, "is the frank and honest way of saving up the money by spending less or earning more; the wrong way is the cheap and easy, although ultimately costly and painful way, of lending the Government what we borrow at the bank."

"By giving up nonessentials to buy Government securities," the committee further says, "we allow the Government to buy war essentials and at the same time release productive energy from the making of nonessentials for us to the making of essentials for the Government."

"But," it goes on to say, "if we won't make the needed sacrifice and perhaps delude ourselves into believing that we do not have to do so, or even that we ought not to do so, that, on principle, we favor "business as usual" for ourselves while expecting business