

# YOUR DOLLAR'S FUTURE

By HENRY MORGENTHAU, Jr., Secretary of the Treasury

SINCE President Roosevelt outlined his national economic program, the American people have shown that they are ready to support the men at the front by effort and sacrifice at home. It has been immensely encouraging to us, in Washington, to see the voluntary co-operation of everyone—especially with respect to price-fixing, rationing, and saving. That voluntary cooperation will be more and more necessary in the months ahead. A great change in national economic habits cannot be accomplished merely by saying: "Pass a law" or "Write an Executive Order."

Essentially, the President's program calls for self-restraint—not just by a few of us, but by all of us; not just occasionally, but every day, as long as the war will last. If we spend our money extravagantly, carelessly, or even to satisfy what would have been our normal wants in normal times, we handicap our war production program. We take away from our fighting forces the supplies they need for Victory. At the same time, we create pressure on prices which will be a menace both to our war effort and to our economic future.

This means inflation. Inflation is not a threat remote from our daily lives. We are facing it now and must deal with it at once. If we are selfish or shortsighted in facing this issue, the consequences may haunt us and our children for years.

Every time you are about to spend your money, your conscience should ask you: "Do I really need what I am going to buy? Can't I do without it? Why not wait until after the war? Why not build up a nest egg for my family in the future?"

If you obey your conscience, you will put your money at your country's service now, and strengthen your nation's economy after the war.

In dead earnest, I say that any man or woman who chooses this time to go on a buying spree is committing an act of sabotage against our war effort. The patriotic and intelligent thing to do is to make old clothes last longer, to eat simpler meals, to patch up old household appliances, instead of buying new ones, and to cut down on personal spending. *This not only strengthens our economy and combats inflation,*

but it increases our war resources. In this battle on the home front, the wage-earners and consumers of America hold the key positions.

It is our job at the Treasury to finance this greatest and costliest of all wars, a war that is already costing more than \$130,000,000 every day—a dollar a day for every man, woman, and child in the country. It is also our job to finance the war and to avoid, as far as possible, upward pressure on prices and interference with war production. To accomplish these purposes, we at the Treasury have two chief instruments at our disposal: the first is taxation, and the second is the sale of war bonds and other Government securities.

The administration recommended to Congress that new taxes should yield \$3,700,000,000 of additional revenue. That is a colossal sum; yet war expenditures alone are many times that amount, even now, and it seems to me that \$3,700,000,000 is the very least that we can afford to ask of the American people at this critical time.

We have proposed sharply increased taxes on corporations and on higher individual in-

comes. In the same way, we have urged Congress to abolish a number of special privileges by which a comparatively few wealthy taxpayers have been able in past years to escape their fair share of the burden. We have also recommended the taxation of millions of people with small incomes, citizens who have never had to pay direct taxes before. But we recommended this only as part of a program which would include taxing the higher incomes more heavily.

The willingness of the American people to help pay for the war has been clearly shown in the buying of war bonds and stamps. The quota for each month has been fixed at a billion dollars. If we are to fill this quota and carry out a vital part of the President's program, everyone will have to cut down on personal spending and put an average of at least 10 per cent of current earnings into War Bonds. *If we do this, we will raise about \$12,000,000,000 a year to pay for our Victory drive.*

But meeting the \$1,000,000,000 per month quota means even more than that. It means that we are building the kind of future we want for ourselves and our children.

We can do a great deal to shape our future—now. Our present actions will determine the kind of world in which we shall eventually live. Whatever success we achieve by voluntary cooperation will help set its pattern.

I feel strongly that every war bond bought today will play an essential part in the building of a free and democratic world. Millions in this country are quietly establishing a reserve of spending power for themselves in the years after the war, and in that way they are fortifying themselves against unemployment and want.

There is nothing dramatic in saving your money, bit by bit, to buy war bonds. There are no medals for self-denial in this war, no matter how much courage or sacrifice it may involve. Yet the combined effort of 130,000,000 people can achieve the great drama of the People's Victory. We have a great opportunity, right now. We are going to rise to that opportunity. In the President's words, "We can, we will, we must!"

HENRY MORGENTHAU, JR.

## Do's and Don't's for Preventing Inflation

**DO INVEST IN WAR BONDS.** You will do your share for Victory, build up a reserve for necessary post-war purchases, and prevent inflation.

**DON'T GO ON A SPENDING SPREE.** If you do, prices will soar, the purchasing power of your dollar will decrease, and inflation may result.

**THIS FAMILY,** like other patriotic American families, knows that the government spends \$130,000,000 a day to finance this war. To share the burden they invest 10 per cent of their income in war bonds. They are also making father's suit, mother's coat, and the children's shoes last longer.

## WHAT HAPPENED AFTER WORLD WAR I

**I**N 1920, a 10-pound bag of sugar cost \$2.67; a dozen eggs, 92c; a 10-pound bag of flour, 88c; a pound of butter, 76c. These basic foods, as well as countless others, like bread, bacon, ham, and coffee, were twice as expensive as they had been in 1915, five years before. Shelter, fuel, and clothing had also doubled in cost: commodities like cotton goods had even tripled. Thus, a family with an income of \$1500 had to get along with what \$750 would normally buy.

When we were on the brink of disastrous inflation, in 1920, President Wilson took steps to prevent catastrophe, and for this reason, we did not experience the misery of less fortunate countries abroad. In certain European nations, housewives carried suitcases full of currency to market to purchase an egg or a handful of flour. The bare necessities of life were denied most people, and sickness, death, and want followed in the wake of this dreadful economic chaos.

Today, President Roosevelt and his administration are determined to avert such disaster. Price ceilings have been placed on a large number of commodities for a two-fold purpose: to keep greedy enterprisers from profiteering, and to insure a fair distribution of consumer goods among people in all income brackets.

## THAT \$17,000,000,000 BUBBLE OF TROUBLE

**W**HEN merchandise becomes scarce, prices rise. Today, the production of many commodities, particularly those in the non-essential class, has been curtailed, and few are on the market. Yet, many Americans will have the funds with which to buy such luxuries, as well as essentials.

This year, our national income will set a record: \$117,000,000,000. When our taxes and savings are subtracted, \$86,000,000,000 will remain. At current prices, there is an estimated \$69,000,000,000 worth of goods available for purchase. This will leave \$17,000,000,000. Unless this sum is invested in war bonds, the prices on available goods will, in all likelihood, rise until they have absorbed the \$17,000,000,000. This will mean that your dollar will buy much less than it should—unless you invest a regular portion of your income in war bonds.

In this way, you will also create a reserve for the post-war years, when thousands of factories will cease making war materials and workers will return to the manufacture of much-needed commodities. But, this industrial conversion will be useless unless we need these commodities and have the money to acquire them.

By reducing your present purchases and buying war bonds, you will be able to obtain what you need when peace comes.

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