

AUG 1 5 1942

THE MUTUAL BENEFIT LIFE INSURANCE COMPANY

NEWARK, NEW JERSEY

AGENCY DEPARTMENT

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AGENCY FIELD SECRETARY

August 12, 1942

Mr. Marriner S. Eccles, Chairman,
Federal Reserve System,
Washington, D. C.

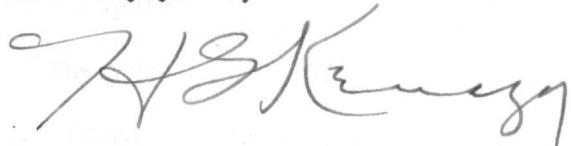
Dear Mr. Eccles:

Last May you addressed a letter to Senator Danaher on the subject of the anti-inflationary effect of the payment by individuals of life insurance premiums. Your letter has been widely circulated among the life insurance people of this country. You may be interested to see in the enclosed copy of a Company leaflet how we spread your message to almost four hundred thousand policy-holders.

Your message brought forth a splendid response from our field representatives. It gave them courage to know that national leaders like yourself appreciate the value of our business. It gave them new enthusiasm to pursue their work as an important part of the war effort.

On behalf of thousand of life insurance men and women, I want to thank you.

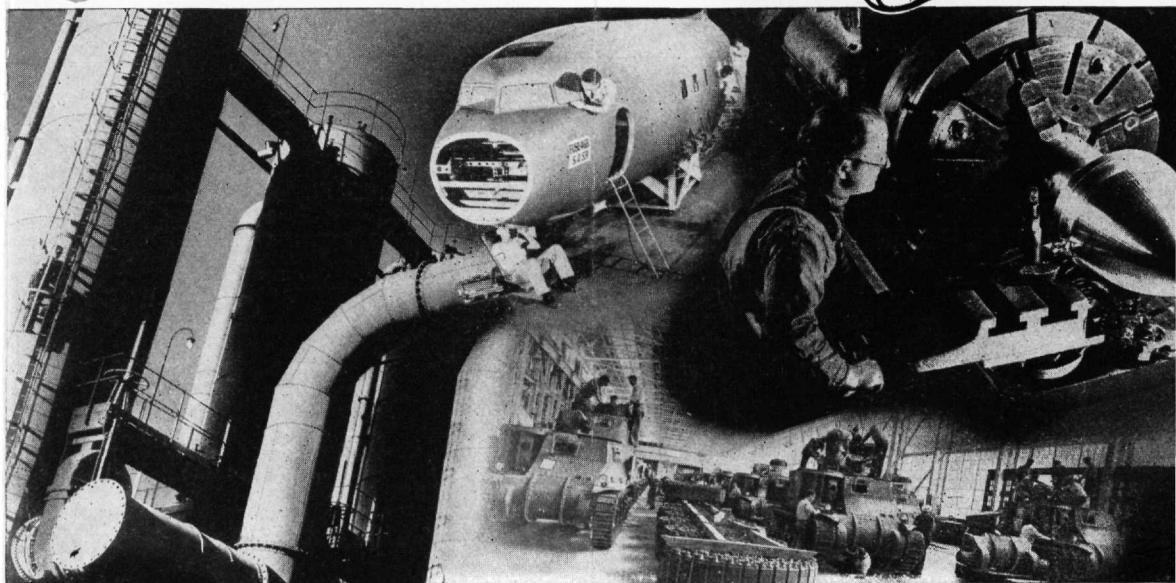
Sincerely yours,



HGK:F

★ M U T U A L B E N E F I T

Life



LIFE INSURANCE IN THE WAR EFFORT

"SHOULD I put more money into life insurance or should I put every possible dollar into war bonds?"

"What part are the life insurance companies taking in the war effort?"

These are but two questions which men and women are asking themselves today. In finding the answers, Mutual Benefit policyholder-

members will also find much satisfaction in the part their company is taking, along with others, in furthering the total, national war effort.

The dollars you put into premiums help you and your country in three ways:

1. Life insurance dollars help finance the war —through the direct purchase of government bonds and through investment in the bonds of

companies that make and transport vital war materials. Last year the Mutual Benefit invested more money in government

(Continued on back page)

Published for Mutual Benefit Policyholders

★ L. D. DAY, GENERAL AGENT ★

744 BROAD STREET, NEWARK, N. J.

Life Insurance Goes to War

AGAINST INFLATION

MARRINER S. ECCLES

Chairman, the Federal Reserve System

“ I feel that next to the purchase of Government Savings and War Bonds and Stamps by the public, investment in life insurance is particularly to be encouraged at this time. ”

REC'D IN FILES SECTION

AUG 1 5 1942



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

May 4, 1942 RECEIVED

MAY 5 1942

J. A. D.

Honorable John A. Danaher,
United States Senate,
Washington, D. C.

Dear Senator Danaher:

I am in receipt of your letter of April 29 concerning the communication you received from Mr. John M. Laird, President of the Actuarial Society of America, as to the anti-inflationary effect of the payment by individuals of life insurance premiums. You and I are in full agreement, of course, that all proper steps must be taken to prevent a runaway price situation and that to this end a complete and comprehensive attack must be made on all fronts against inflationary forces.

As I have frequently stated, this is the time to save, not to spend, money. This is the time to get out of, not into, debt. No form of saving is as timely and effective as the purchase by our citizens of Government Savings and War Bonds. Savings out of current income when thus invested help finance the war, are diverted from the market place where they tend to bid up prices of the shrinking supply of civilian goods, and are a store of future purchasing power which will be needed and can be spent without inflationary consequences after the war.

Insurance companies are large investors in Government securities so that the bulk of savings put into the insurance companies in the form of premiums thus help in financing the war. Likewise, investment in life insurance serves to divert funds from consumer markets and thus to reduce inflationary pressures. And, of course, insurance is a store of future protection for the beneficiaries of insurance policies. Accordingly, I feel that next to the purchase of Government Savings and War Bonds and Stamps by the public, investment in life insurance is particularly to be encouraged at this time.

You are at liberty to pass along this letter to Mr. Laird if you wish to do so.

Sincerely yours,

M. S. Eccles,
Chairman.

MUTUAL BENEFIT LIFE

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THE MUTUAL BENEFIT LIFE INSURANCE

COMPANY • Organized 1845 • NEWARK, N. J.

JULY 1942

(Continued from first page)

bonds than it received during the year in new premiums. Approximately 20% of its assets are directly invested in government securities.

2. Life insurance dollars are anti-inflationary. Every dollar saved today helps check the threat of inflation and builds a reserve which will cushion the shock of any deflation which may follow the war.

3. Life insurance dollars are dollars for family security. The strength of America is the sum of the strength of its individual families. Life insurance helps guarantee family security at a time when it is vital to the nation.

The Minneapolis *Tribune* had this to say in a recent editorial:

"There is no sounder investment for individuals of moderate means than life insurance, and no more resilient cushion to take the post-war shocks than this form of voluntary saving. This is recognized in our compulsory social se-

curity program, which should be supplemented by every incentive to voluntary security investment. The battle that we must wage against inflation can be fought with no greater assurance of success than by utilizing our excess national income for the payment of our personal debts and the increase of our life insurance protection.

"Money expended for these purposes has no inflationary effect, for to a very large extent it flows back into the federal treasury to purchase government securities. Forty-two per cent of insurance investment in the first two months [of 1942] was for government bonds. Life insurance companies are playing an important part in our war financing, in that they are taking issues which if wholly absorbed by the commercial banks, would make for an inflation of bank credit . . .

"It is hard to conceive of any stronger buttress to our social structure than a wide diffusion of life insurance policies in the moderate income groups which now are the chief beneficiaries of our dangerously expanding national income. It is hardly necessary to set forth the advantages that accrue to the individual and his family from life insurance, for the American people are aware of them, but the anti-inflation effects are not so generally recognized."

L. D. DAY

GENERAL AGENT

744 BROAD STREET

NEWARK, N. J.

REC'D IN FILES SECTION

AUG 1 5 1942

August 14, 1942.

Mr. H. G. Kenagy,
Superintendent of Agencies,
The Mutual Benefit Life Insurance Company,
Newark, New Jersey.

Dear Mr. Kenagy:

Mr. Eccles has asked me to reply to yours of August 12, 1942, with which you enclosed copy of the insert which has evidently been used in your agencies' operations, this insert containing, among other things, a facsimile of Mr. Eccles' letter of May 4, 1942, to Senator Danaher, commenting on the desirability of the payment by individuals of life insurance premiums as an anti-inflationary factor.

Mr. Eccles is glad to note your complimentary references to his letter to Senator Danaher, and is gratified that you feel it has been productive of good results.

Very truly yours,

(Signed) Lawrence Clayton

(Signed) Lawrence Clayton,
Assistant to the Chairman.

LC:jg

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FOR FILES
-L. Clayton