

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

Office Correspondence

Date June 30, 1943

To Chairman Eccles

Subject: \_\_\_\_\_

From Mr. Goldenweiser

Attached is the slip that was with our pay checks today. I am calling this to your attention in case you happen not to have noticed it, because I think it is a bad practice for the Government to follow. As you know, consumer goods are going to be short for a considerable period after the war is over, while, on the other hand, there will be an enormous volume of savings in the form of bonds. If post-war inflation is to be avoided, holders of bonds will have to refrain from spending them too rapidly. Rationing and other controls will probably have to be continued. In view of this fact, I think it is not desirable to dangle before the public's eyes the possibility of buying houses and cars as soon as the war is over. I think the bond appeal now should center on: (1) patriotism; (2) avoidance of inflation, and (3) building up of security through savings.

I certainly think that the Government should go slow in encouraging people to plan for large-scale purchases of all kinds of things as soon as hostilities are over.

*15-16-17 July*

*[Signature]*

Attachment

*Make Your Dreams Come True!*

The New Home -- A New Car;  
Your Children's Education;  
Vacation trip -- Retirement;  
Whatever your Dreams may be,  
Make them come true by buying-  
**MORE WAR BONDS**

*Through the Pay Roll Savings Plan!*



July 6, 1943.

Dear Dan:

Dr. Goldenweiser brought the attached to my notice and I agree with him that it gives an unfortunate implication that money invested in war bonds now can be used as soon as the war is over to buy a new home, a new car, or other things which, of course, will not be available for some time after the hostilities end. Since that is the very time when the greatest inflation danger will confront us, it seems to me that we ought to continue to emphasize that the inflation threat will not end with the war.

As you are well aware, consumer goods are going to be short for a considerable period after the war concludes, while at the same time there will not only be an enormous volume of stored up buying power in war bonds, in bank deposits and in currency, but there will be a strong public disposition to get rid of rationing and other restraints unless a real educational job is done to drive home the fact that this vast tide of potential purchasing power cannot be let loose without disastrous results, unless and until civilian goods are again available in the markets sufficient to supply the demand. The attached slip, which was evidently designed to be placed in pay roll envelopes, dangles before the eyes of the public the very temptation that must be avoided. I felt that you would want to see that this is corrected in future advertising and other publicity material.

Sincerely yours,

Honorable D. W. Bell,  
Under Secretary of the Treasury,  
Washington, D. C.

Enclosure

ET:b