

Talk given at Riverside, Ill 5/28/17

THE LIBERTY LOAN OF 1917

On April sixth President Wilson signed the measure declaring the existence of a state of war between the United States of America and the Imperial Government of Germany. Five days later a war loan bill was introduced in Congress and on the twenty-fourth of the same month this bill, having passed both houses of Congress, was signed by the President and became a law. As the bill now stands the Administration at Washington is authorized to increase the National debt of the United States by issuing bonds up to the huge sum of seven billions of dollars. This amount is more than nine times the entire National debt of the United States as at the beginning of the current year. It is 14 times as large as the first war credit arranged by Great Britain. Of the proceeds of this great bond issue it is expressly provided that 3 billions is for use in extending credit to our foreign allies engaged with us in this war against Germany. The balance is intended to finance the requirements of the United States in providing food and clothing for our soldiers, munitions

for the army, funds for building ships, and in general for all expenses incurred in carrying on the war. This great loan has properly been designated "The Liberty Loan of 1917." This loan, and more to follow, must be absorbed by the American people.

The Secretary of the Treasury has designated the 12 Federal Reserve Banks of the United States as Fiscal Agents of the Government for the purpose of handling the loan. It may be of some interest at this point to know how the Federal Reserve Bank of Chicago is proceeding.

(See cards)

#### DENOMINATIONS

In order that small investors may participate in this loan, as well as the larger ones, the bonds will be issued in denominations as low as \$50. Other denominations are \$100., \$500., \$1000., \$5000., \$10,000., \$50,000., and \$100,000.

The bonds will bear date of June 15, 1917; they are tax exempt, excepting inheritance and estate taxes. This bond is the only direct obligation of the United States Government now available to net  $3\frac{1}{2}\%$ . The importance of the tax exempt feature is worthy of particular consideration. The holder of all other forms of personal

property or investment securities is liable for taxation. It is said that the combined taxes raised throughout the country average in excess of 2%, when taking into consideration all forms of taxation, under Federal, State and Local authorities. Consequently, this yield may be considered as equal to 5½% on taxable securities.

We are involved in a war which threatens the very foundation of our country, and there is no more effective way in which every man, woman and child can do his part than by purchasing a bond. As some one has aptly said, "Each dollar invested in this great loan is a blow for liberty."

Subscriptions will be received by any National Bank, State Bank, Investment Banker or Private Banker throughout the country. Moreover, arrangements are being perfected whereby the Post Offices, Express Companies, Department Stores and other agencies will handle the bonds. With a view to assisting those who are not in a position to pay cash even for a \$50. bond, the banks throughout the country have arranged, and are ready to offer, easy terms under which the subscriber may pay a dollar a week or more, and receive his bond when payment has been completed. Furthermore, the Federal Reserve Bank of Chicago has given

an order for the engraving of a large amount of \$10. participation certificates. These certificates will be available to those who have \$10. for investment, with the understanding that when they have paid for 5 of the certificates they may be exchanged for a \$50. Government bond. Subscribers in larger amounts will be expected to pay,

2% on application  
18% on June 28  
20% on July 30  
30% on Aug. 15  
30% on Aug. 30

WHERE IS THIS MONEY TO COME FROM AND WHERE WILL IT GO?

Strange as it may seem to the average citizen, this tremendous financing operation will entail the use of very little actual cash or currency. The transaction is primarily one of credits and by way of illustration we will assume that a resident of Riverside subscribes for a \$100. bond. He goes to his bank and transfers this amount from his credit balance to the Government. This credit in turn is passed along by the Government in payment for its purchases from various industries. These industries use the credits to pay their employees and others, thus the circulation goes on through various channels. The effect of the entire operation will be to stimulate all forms of legitimate

business activities. With this vast sum released for the Government's use, every dollar of which including that advanced to the Allies, is to be spent in America, it is generally believed that legitimate business will be more active in this country than ever before known.

The Liberty Loan offers an opportunity to purchase an investment without an equal. No form of security obtainable today is as safe as a United States bond, and as Secretary McAdoo has stated, the greatest immediate service the American people can render in this war for universal liberty throughout the world is to furnish the means for its vigorous prosecution.