

*New Story
file*

FINANCIAL FIGHT ON THE HOME FRONT

by

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FINANCIAL FIGHT ON THE HOME FRONT

Definition of a consultant

I. Objectives

- A. To win the war
- B. To share the burdens and hardships
- C. To win the peace

II. Size of the financial task

A. Who determines it?

- 1. The armed forces
- 2. Congress
- 3. The Treasury

B. Budgetary requirements (See Chart 1)

1. Fiscal years

	<u>1943</u>	<u>1944</u>
Expenditures.....	85	109
Revenues.....	<u>23</u>	<u>33</u>
Deficit.....	62	76

2. Public debt

June 30, 1942.....	\$72 billion
December 31, 1942.....	108 billion
June 30, 1943 (est).....	135 billion
June 30, 1944 (est).....	211 billion

3. Current expenditures - \$7-8 billion a month

C. How requirements are met

1. Taxation

2. Borrowing (December - Banks, 40%
Others, 60%)

3. In England

Heavier taxes

Banks, 25%

Others, 75%

I. Are the funds available?

A. Real vs. financial aspects of the war
(See Chart 2)

B. Evidences of available funds

1. National income

August, 1939 - \$6 billion

January, 1943 - \$11 billion

2. Employment

United States - + 66% since Aug. 1939

Pennsylvania - up 42% since Aug. 1939

3. Weekly wages - \$25 to \$43 since Aug. 1939

4. Savings of individuals

	<u>1940</u>	<u>1941</u>	<u>1942</u>
Liquid.....	4.3	10.3	28.9
Nonliquid.....	<u>11.8</u>	<u>14.4</u>	<u>9.3</u>
Gross savings..	16.1	24.7	38.2

5. Demand deposits

Increased 85 to 90% since 1939.
Excess reserves at country banks are
still large.

6. *Money in circulation*
Plus \$9 billion since 1939
Plus \$5 billion in 1942

C. Reasons for accumulation

1. Large public expenditures
2. Less goods to buy - living on coupons

Threat of inflation

A. Examples of unbalance (See Chart 2)

B. Consequences

1. Individuals and institutions
2. Workers - homes and savings
3. Farmers - farms
4. Business - inventory losses
5. Cost of war

6. **Morale - sprite**

C. How to cope with inflation

1. Stretch supply of goods
2. Stabilize prices
3. Siphon off excess buying power
 - a. Taxation
 - b. Purchase of Government bonds

V. The urgency of widespread bond ownership

A. What happens if funds are borrowed from

1. Individuals, business concerns
2. Banks (See Chart 3)

B. Personal reasons

1. Reserves - buying power if the war is won
2. Backing up our fighting men - they give their lives, we lend our money

C. Community reasons for broad sales

1. Personal interest in fiscal affairs
2. Minimizes disagreements between bond holders and nonbond holders
3. Sense of stability and responsibility
4. The habit of thrift

Community assets

I. Organization - United States Treasury War Finance Committee

A. Victory Fund and War Savings

1. Cooperative effort

B. The basket of securities

1. Seven types of bonds and notes to meet needs of all types and classes of investors

2. The best investment in the world

C. The job for this area

	Total	Bank	non-bank
Salem Co	4770	974	3796
Acme Bank	4637	1717	2920
	<hr/> 9407	2691	6716

E 1.5
M^B 5.5

\$13,000,000,000 SECOND WAR LOAN DRIVE

**SUMMARY OF
UNITED STATES GOVERNMENT
SECURITIES
ON SALE DURING
APRIL 1943**



**UNITED STATES TREASURY
WAR FINANCE COMMITTEE
THIRD FEDERAL RESERVE DISTRICT**

War Savings Staff

Victory Fund Committee

*Overland
Sales counter*

**Third Federal Reserve District
INFORMATION OR ORDER BLANK**

To _____
(Name of bank or security dealer)

_____ (Address)

Check below

I am interested in United States Government Securities as I contemplate investing \$ _____	
Please send me information on Government Securities offered in April.	
Please have sales representative call.	
Please enter my order for _____ of Securities and charge my account or find check or cash herewith.	

(Name)

(Address)

(Date)

COMPUTATION OF ACCRUED INTEREST

Accrued interest to be collected on subscriptions for \$25,000 or more for any of the following issues should be computed on an actual basis, using the following decimals:

- 2½ Percent Treasury Bonds of 1964-69 — \$0.06868 per day per \$1,000
- 2 Percent Treasury Bonds of 1950-52 — \$0.05435 per day per \$1,000
- ¾ Percent Treasury Certificates of Indebtedness of Series B-1944 — \$0.02391 per day per \$1,000

The following short form table, showing cents per day per \$1,000, may be used in computing accrued interest to be collected on subscriptions for more than \$1,000 and less than \$25,000:

Date	Days	2½ % Treasury Bonds of 1964-69	2 % Treasury Bonds of 1950-52	Certificates of Indebtedness Series B-1944
April 16	1	\$0.07	\$0.05	\$0.02
17	2	0.14	0.10	0.04
18	Sunday			
19	4	0.28	0.20	0.08
20	5	0.35	0.25	0.10
21	6	0.42	0.30	0.12
22	7	0.49	0.35	0.14
23	8	0.56	0.40	0.16
24	9	0.63	0.45	0.18
25	Sunday			
26	11	0.77	0.55	0.22
27	12	0.84	0.60	0.24
28	13	0.91	0.65	0.26
29	14	0.98	0.70	0.28
30	15	1.05	0.75	0.30

Interest on all subscriptions should be figured to the date funds will be available at the Federal Reserve Bank.

No accrued interest need be collected on individual subscriptions for \$500 or \$1,000, of the 2 Percent Treasury Bonds of 1950-52 or the 2½ Percent Treasury Bonds of 1964-69.

Normally, accrued interest should be calculated on the basis of making payment for the securities on the next business day following the day upon which the order is taken.

Example—What amount of accrued interest should be obtained with respect to \$13,500 principal amount of 2½% Treasury Bonds of 1964-69, where the order is taken April 16, 1943 but will not reach the bank addressed until the next day? The interest factor, opposite April 17, in the column regarding the 2½% bonds is \$0.14 per \$1,000. Multiply \$0.14 by 13.5 and obtain \$1.890 or \$1.89, accrued interest to be obtained.

Payment may be made on the day upon which the order is taken when the purchaser and subscribing bank so arrange, or may be made subject to several days delay when circumstances require.

\$13,000,000,000 SECOND WAR LOAN DRIVE

SUMMARY OF UNITED STATES GOVERNMENT SECURITIES ON SALE DURING APRIL, 1943, DRIVE

	2½% Treasury Bonds of 1964-69	2% Treasury Bonds of 1950-52	Ctfs. of Indebtedness, Series B-1944	Tax Savings Notes Series C	United States War Bonds, Series E	United States Savings Bonds, Series F	United States Savings Bonds, Series G
Issue price	\$500 or \$1,000 — 100%. Over \$1,000 — 100% and interest.	\$500 or \$1,000 — 100%. Over \$1,000 — 100% and interest.	100% and interest	100%	75% of maturity value	74% of maturity value	100%
Dated	April 15, 1943	April 15, 1943	April 15, 1943	First day of month in which purchased	First day of month in which purchased	First day of month in which purchased	First day of month in which purchased
Due	June 15, 1969	Sept. 15, 1952	April 1, 1944	3 years from issue date	10 years from issue date	12 years from issue date	12 years from issue date
Rate	2½%	2%	¾%	Varies—1.07% if held to maturity	Varies—2.90% if held to maturity	Varies—2.53% if held to maturity	2½%
Registration	Bearer or registered form	Bearer or registered form	Bearer form only	In inscribed form only	Registered form only	Registered form only	Registered form only
Denominations	\$500 to \$1,000,000	\$500 to \$1,000,000	\$1,000 to \$1,000,000	\$1,000 to \$1,000,000	\$25 to \$1,000	\$25 to \$10,000	\$100 to \$10,000
Books open	April 12, 1943	Banks Apr. 28, 1943 Others Apr. 12, 1943	Banks Apr. 12, 1943 Others Apr. 12, 1943	Continuously	Continuously	Continuously	Continuously
Books close	Upon order of Treasury	Banks Apr. 30, 1943 Others upon order of Treasury	Banks Apr. 14, 1943 Others upon order of Treasury	Upon order of Treasury	Upon order of Treasury	Upon order of Treasury	Upon order of Treasury
Payment due on	Subscription	Banks— Others on subscription	Banks— Others on subscription	Application	Application	Application	Application
Delivery date	A few days after payment	Banks— Others a few days after payment	Banks— Others a few days after payment	A few days after payment	A few days after payment	A few days after payment	A few days after payment
Taxable by Federal Government	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Eligible for subscription by individuals	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Eligible for subscription by commercial banks	No ⁵	Yes	Yes	Yes	No	No	No
Acceptable in payment of Federal (income, estate or gift) taxes prior to maturity	Federal estate taxes only, on death of owner	No	No	Yes, during and after 2nd calendar month after purchase	No	No	No
Redeemable for cash prior to maturity	At Government option on or after June 15, '64 at 100% and interest	At Government's option on or after Sept. 15, '50 at 100% and interest	No	At holder's option only, after 6 months, at 100% and interest on 1 month's notice ²	At holder's option only, after 60 days from issue date	At holder's option only, after 6 months, on variable schedule on 1 month's notice	At holder's option only, after 6 months, on variable schedule on 1 month's notice
Eligible for hypothecation	Yes	Yes	Yes	For loans from banks only	No	No	No
Eligible for deposit of public moneys	Not before April 15, 1953	Yes	Yes	No	No	No	No
Salable in open market	Yes	Yes	Yes	No	No	No	No
Amount for which eligible investor may subscribe	No limit	No limit ¹	No limit ¹	No limit	Not more than \$500 maturity value in one calendar year ³	Not more than \$100,000 issue price of Series F and G together in one calendar year	

(1) Total sales to commercial banks limited to 2 billion.
(2) At purchase price only if commercial bank is holder for
own account.

(3) Additional purchases in co-ownership permitted in certain
cases.

(4) Upon death of owner redeemable at 100% after six months
from issue date, if application for redemption is made
within four months after decease.

(5) May not be held by commercial banks for own account
until April 15, 1953.