

WAR BONDS:

More Delusions of Security

BY CHRISTOPHER BLISS

THERE IS something ironic about the present government of the United States urging us to be thrifty. It is like an Old Soak delivering a temperance lecture. This is the same government which has devoted twenty years to cutting every little lifetime savings in half; and which, by its policies, has rendered thrift rather pointless if, indeed, not suspect.

Now, from the pages of newspapers and magazines, bright, soap-scrubbed faces are advising us to be thrifty and buy war bonds so that in the future we can eat beefsteak, own a new tractor, take our ease on beaches, and send Little Willie to college. This sort of advertising may be proper for reactionary old institutions like banks and insurance companies, but is it proper for a great, progressive government for which Mr. Harold Ickes once explained: Government

spending don't mean nothing; we're just taking money out of one pocket and putting it into another?

Exactly ten years ago this government began selling war bonds. And the clever soap salesmen of the New Deal decided that something new should be added to the sales pitch. The bonds for the First War were sold on patriotism: **HELP YOUR UNCLE SAM MAKE THE WORLD SAFE FOR DEMOCRACY.** But so much cynicism had been injected by 1941 that the salesmen decided to lure us with "the selfish point of view."

Here are samples from the *farm announcements* of 1941:

"A growing nest egg of savings is a fine thing for everyone to have. You can add that room onto the house after the war is over. Or you can get that tractor you want. Or maybe you will

want to send your boy and girl off to school. Start saving for all of those things. Put your money into Defense Bonds. At the end of ten years they are worth one third *more* than you paid for them. So — from a *selfish point of view* — forgetting patriotism — isn't it wise to invest in Defense Savings Bonds?"

"Your money will be waiting for you when the emergency is ended and your investment will repay you doubly by saving your paying higher prices now and returning more dollars to you later on.

"When the emergency is over and *prices come down*, you can use these savings to advantage. Here's a thrifty way of showing your patriotism."

"Good bargains, these investments . . . returning to you after ten years increased by as much as $33\frac{1}{3}$ per cent!"

And from the *payroll savings announcements*:

"To millions of Americans War Bonds represent the opportunity to enjoy better living: new homes, automobiles, household conveniences, education, travel, and security from sudden misfortunes.

"Think what this plan can do for you! Here is the safe, sure, automatic way to do what

every man dreams of: accumulate money to buy a home or farm, to put a child through college, to travel, to spend your old age in the peace and comfort that comes only with financial independence.

"Buy war bonds and you can have security, independence, leisure, travel . . . that house . . . that farm . . . that summer place of your dreams . . . a college education for your child. An average year at a university costs \$500 to \$1000 . . . a business for yourself."

ALL THAT A soap salesman thinks a Common Man dreams about — all this was poured through the microphones by the oleaginous pitchmen. *A bandleader announcement*: "Friends, here's a money-making, war-winning proposition!"

On July 17, 1945, the Secretary of the Treasury declared: "The most important requirement of the small investor is that the securities he purchases should be absolutely free from risk. *He does not want to gamble with the principal.*"

Well, ten years have passed; the first bonds have matured; and what can the small investor get for his investment? Are his bonds worth *one-third more* than he paid for them? Can he buy the automobile, the summer

place, the college education because he made a smart, profitable investment?

It is true that the citizen who invested \$75 in 1941 can now redeem his bond for \$100, but is this all that the Government promised? Read the advertisements again. The Government promised a *money-making proposition* . . . an *increase* in value . . . a reward to the *smart* investor for waiting ten years to spend his money.

The disillusioning fact is that the *smart* investor who loaned his Government \$75 in 1941 can now get back, in purchasing power, only \$57. He didn't *make* one-third; he lost almost one-third. Contrary to the statement of the Secretary of the Treasury, the Government didn't even safeguard the principal. Moreover, since the bonds are not tax exempt, those who invested in 1941 will pay an income tax — at the higher 1951 rates — on the ephemeral \$25 "profit."

Here is what happened to the war bond dollar between 1940 and 1950:

<i>Dollar Value of Bond with Interest</i>	<i>Purchasing Power of Same Dollars</i>
1940 \$75.00	\$75.00
1941 76.00	70.89
1942 77.00	65.75
1943 79.00	63.83
1945 83.00	65.15
1946 86.00	63.46

1947	90.00	58.50
1948	94.00	57.43
1949	98.00	60.66
1950	100.00	57.00

The bond salesmen in 1941 talked about buying new furniture "when prices come down" with war-bond profits. The three-piece solid maple living room suite sold by Sears Roebuck in 1941 for \$52.95 is now on sale for \$121.85.

The bond salesmen said that you could send your boy to college for "\$500 to \$1000." The World Almanac for 1950 quotes these representative costs of attending college:

Boston Univ.....	\$1500
Brown.....	1650
Texas.....	1350
Wisconsin.....	1800
Virginia.....	1555

The bond salesmen in 1941 said that if you were "smart" and invested in war bonds you could buy a home after the war. But building materials have gone up 232 per cent; and the brick-layer who received \$1.40 an hour in 1941 for laying 1200 bricks a day now receives \$3.25 an hour for laying 400 bricks a day.

As for beefsteak, war bond investors were supposed to be able to eat it every day by 1951. But here is what happened to steak,

along with coffee to drink with it and butter to spread on it:

	May 1941	Jan. 1951
Round steak lb..	.37	.97
Coffee lb.....	.22	.86
Sugar 5 lbs.....	.28	.50
Butter lb.....	.41	.79

Can't you hear those Band Leader Announcements of the Treasury Department in 1942: "Friends, here's a money-making proposition! Get smart! Get rich! Buy war bonds and retire to Palm Beach on the profits!"

The "smart" course in 1942 was explained by Mr. Edwin Pauley, the California oil and New Deal financier, when he was questioned about his activities in the commodity market. He pointed out that he had to protect his family and his fortune by putting his money into commodities which were spiraling upward. He didn't advise anybody to buy war bonds.

Instead of buying bonds to buy a house in 1941, wouldn't it have been "smarter" to start payments on the house? Instead of buying bonds in 1942 to insure a diet of beefsteak in your old age, wouldn't it have been "smarter" to have bought a deep freeze and a ton of steak?

THIS is not to say that Americans should not buy war bonds. We obviously must buy

them. What is questioned is the right of a government of free men to employ the tactics of a patent medicine vendor. It may be proper for a totalitarian government to practice deception, but a free government should explain the realities of inflation to its citizen-investors. We spend millions on pamphlets to educate our people on the dangers of the common cold and the boll weevil, so is it too much to ask that we distribute one pamphlet explaining that money invested in bonds today will be worth *less*, not *more*, when the bond is redeemed?

There is evidence that, despite the propaganda, the people are learning the truth. Since June 1950 redemptions have exceeded purchases of E-bonds by \$475 millions. In November, while our soldiers were dying in Korea, E-bond redemptions exceeded sales by \$72 millions.

This probably indicates a revolt against government dishonesty rather than a shirking of responsibility. This government, composed generally of small-bore men who believe that the people must always be bribed, has sold its bonds "from the selfish point of view" as a way to make money. The people now understand that you can't profit by buying bonds, so they are buying something else.

If the bond salesmen want a remedy, it was suggested to them in 1943 by Kate Smith. On the opening day of the Third War Loan Drive Miss Smith, who has sold mountains of merchandise in her day, devoted eighteen consecutive hours to appeals over the Columbia Broadcasting System. In all her sixty-four broadcasts she refused to say a word about bonds being a good investment. She appealed only to the patriotism and good sense of the American people, and she sold \$39 million worth of bonds in one day.

A man in uniform who had been a banker wrote to Miss Smith: "As a banker I appreciate the basis on which you have asked me to buy a bond. I am buying it because I want a share in what we are fighting for."

A mother of three children wrote from a town in Virginia: "My husband and I are proud we can help, even though it is so little."

The cheapjohn soap salesmen who are writing the ads for the Treasury Department have failed. Selling bonds from "the selfish point of view," they can't even keep pace with redemptions. So if the Third War for democracy is to be financed, our government would better adopt a more honest sales policy, fire the soap salesmen, and turn to the Kate Smiths. For the real strength of this country is still spiritual, not material; and one good rendition of *Dixie* or *God Bless America* can still raise more money than a false advertisement on how to get rich out of our wars.

Oh, it was delicious. Absolutely delicious. These three Fascists were driving slowly along the road below us. They had the top down. It was really lovely. We saved the driver for last. I shot the one on the right. Guilio shot the one in the middle. Andrea got the driver in the back of the head. He was hunching over the wheel and beginning to speed up when Andrea got him. Then the car swerved and smashed into the embankment. Oh, you should have seen it.

— C. B.



FOREIGN INTELLIGENCE

A LETTER FROM BUENOS AIRES

BY ERNESTO SÁBATO

ONE OF THE most admirable traits of the average North American is his good faith, a quality which gives us a feeling of guilt when we answer his often ingenuous questions in a mocking, ambiguous vein, which is a Latin failing. On my return from the United States not too long ago there was a girl on the boat who told me she was passionately interested in the gauchos, and asked me all manner of questions about them, what they were like, how they lived, their love-life . . . I perversely told her the cliché things she wanted to hear. When, a month later, I met her again in Buenos Aires she was furious with me and completely disappointed in that infernal combination of Milan, Paris, Naples, Madrid and New York which is the city

of Buenos Aires with its five million inhabitants.

To be sure, this girl did not represent the educated North American by any manner of means; but she was fairly typical of the average citizen, the man in the street for whom the mention of Argentina calls up vague images of gauchos and, probably, Mexican sombreros. Alas, we can offer no such exotic and delightful reality.

And, as though it were not bad enough to defraud this average man in the field of reality, we rudely defraud him with our literature. Out of politeness, we would like to provide him with literary gauchos, at least. But these are as hard to find as the flesh and blood variety. The result is that we begin to have a kind of guilt complex about not