

ARMY TALKS



Soldier Savings



Restricted

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EUROPEAN THEATER OF OPERATIONS, UNITED STATES ARMY

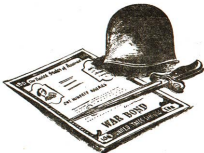


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ARMY TALKS :—The **PURPOSE** of **ARMY TALKS**, as outlined by the Commanding General, is to instill in American Troops, in this Theater, the following: Confidence in the Command, Pride in Service and a sense of Personal Participation, Knowledge of the Causes and Progress of the War, A Better Understanding of our Allies, An interest in Current Events and their relation to the War and the establishment of the Peace.

ARMY TALKS are designed to stimulate discussion and thought, and, by their very nature, thus may often be controversial in content. They are not to promote or to propagandize any particular causes, beliefs or theories. Rather, they draw upon all suitable sources for fact and comment, in the American tradition, with each individual retaining his American right and heritage so far as his own opinion is concerned.

THEREFORE, the statements and opinions expressed herein are not necessarily verified by, nor do they necessarily reflect the opinions of, the United States Army.

THE SOURCE OF MATERIAL, must therefore be made clear at each discussion. All written material appearing in this publication has been written and edited by uniformed members of the Army and/or Navy, except where it is stated that a civilian or other outside source is being quoted.

**HEADQUARTERS SERVICE OF SUPPLY
UNITED STATES ARMY
APO 871**

OFFICE OF THE COMMANDING GENERAL

26 May, 1943

SUBJECT: War Bonds Campaign.

**TO: Theater Bond Officer,
Headquarters, Service of Supply.**

ATTENTION: Colonel J. H. Fulton.

1. The regular purchase of United States War Bonds offers an unusually attractive savings plan in the safest investment in the world. Consistent with that firm opinion, I am, each month, purchasing a \$100.00 War Bond.

2. You are at liberty to display a copy of this letter when contacting any member of the United States Armed Forces. If it proves to be of assistance to you in securing a ready response from the members of our forces in planning a sound savings program, I shall be pleased.

**JOHN C. H. LEE
Major General, U.S. Army,
Commanding.**

Introduction

IN the midst of a series of ARMY TALKS booklets on such subjects as "Democracy," "The British Political System," "Allied Operations" and "Lend-Lease," the editors of ARMY TALKS were offered the story on Soldier Savings which forms this issue.

Now suggesting to men what to do with their pay seemed very different from giving them a chance to express their ideas and convictions on international, economic and political questions.

To the editors of ARMY TALKS it seemed a good idea.

So, for that reason, the pages of this week's issue have been made available to the office of Col. J. H. Fulton, Theater Bond Officer, where the material which follows was prepared.

It tells the whole story of soldier savings in the ETO.

There is one story, however, which the ARMY TALKS editors, having stepped aside as far as the booklet itself is concerned, cannot resist the temptation to repeat :

One member of this organization was in the Berkeley Square Branch of the Chase National Bank of New York, in London, on Monday, January 3, at about 1.45 p.m. He was there to cash his pay check and, as he stood in line, overheard a conversation between a man in uniform and an official of the bank. This man wanted to arrange for the purchase of American war bonds, through the bank, on the basis of a pay deduction. What made the incident unusual was the fact that the man was wearing the blue uniform of the Royal Canadian Air Force. A "U.S.A." patch on his shoulder revealed that he was an American citizen, serving in a Canadian squadron.

He had never listened to a talk from an American bond officer, he won't see this issue of ARMY TALKS—but when the war is over he'll have a toehold on the future, because without any selling at all, he climbed aboard the bond-wagon.

ARMY TALKS

EUROPEAN THEATER OF OPERATIONS

SOLDIER SAVINGS

THIS issue of ARMY TALKS is devoted to the numerous ways by which a soldier in the ETO may, and should, save the major part of his pay each month. The full force of Allied operations against the Nazis and Japanese will soon be felt. The billions of dollars that the United States must spend for all types of war material will make these operations possible and successful. We should know where this money comes from and how each of us, regardless of grade or rank, carries his responsibilities of citizenship from home to his present location.

Obligations are Defined

Your obligations as a soldier are clearly defined and may not be escaped. The constant demand of military duties may cause you to think in terms of the present only; to live from day to day and let the future take care of itself. That is not the accepted attitude of the average American soldier. He stands on his own feet, doing well those things that must be done today, but deep within him are definite plans and hopes for the future. The **T I M E** and **P L A C E** to plan for the future is **N O W** and **H E R E**. **L O S T G R O U N D** **M A Y B E R E G A I N E D**—**L O S T T I M E, N E V E R.**

Emphasis is given to **SAVING BY THE PURCHASE OF WAR BONDS** because to most of us, **FINANCE** is an uncharted sea and **INFLATION** a mystery word. We have to know a few of the simple truths about how the Treasury gets its money to pay the war bills, and why we, as **CITIZEN SOLDIERS**, must do more than fight in this greatest and most costly of all wars in history.

Think of Tomorrow

You say, "When I get home I will do so and so." OK, but will you be able to make your plans come true? Are you making preparations **N O W** for these excursions in the future? In other words, are you saving your money, systematically, persistently—even sacrificing personal pleasures to gain a definite goal? If you are, you will be able to march down Main Street with the feeling of security and independence you so richly deserve.

What are Savings?

In this Theater, Soldier Savings are considered that part of your pay sent back to the United States each month by or for any of the following:

1. *Payment of Life Insurance Premiums.*
2. *Family Allotments.*
3. *4 per cent. Deposits with the Finance Department.*

Material for Soldier Savings was initially prepared in the office of the Theater Bond Officer from official circulars and directives, and from an article by Harry Sherman, entitled "Invisible Greenbacks," which appeared in the "Saturday Evening Post" in 1942. The material has been adapted for publication by the ARMY TALKS Section.

4. Funds sent to the U.S. by cable or Postal Money Order.

5. Purchase of War Bonds by allotment or cash.

Combat Troops Save

From the States comes this information of SOLDIER SAVINGS for the month of August by the SEVENTH ARMY in Sicily:

30 per cent. invested in War Bonds, Soldiers' Deposits and Money Orders.

56 per cent. went for all classes of allotments.

14 per cent. retained for personal use.

One division, the 45th, was paid \$618,980.49 after all allotments had been taken out. \$602,845.44 was put in War Bonds, Soldier Deposits and Money Orders; \$16,135.05 was retained for spending money.

ETO Saves

The Field, Air and SOS Troops in this Theater are using the many available means for saving in a big way. After a short "Shake Down" period, during which they discover the relation of the Dollar to the Pound, the majority do not have to be convinced that *saving* is the best and easiest way to secure the most from the month's pay.

Soldier Deposits Convenient

Soldier Deposits furnish a convenient and profitable method of investment by enlisted men of their surplus pay. Any sums of five dollars or more deposited for a period of six months or longer carry interest at the rate of 4 per cent. per year; this means that each five dollars kept on deposit for a year earns twenty cents in interest. Deposits are exempt from liability for soldiers' debts, may be withdrawn by the soldier when needed, on approval of his commanding officer, and are not subject to forfeiture except in cases of

desertion. This form of saving is not a substitute for war bond purchases, but is an additional means of accumulating reserves against emergencies or for the time of discharge.

Don't deposit your money one month and then the next month go to your company commander and ask to withdraw it. Put some money away each month and let it ride until you are discharged. It will give you a grand feeling of independence to crawl into a new suit of civvies and have enough coin in your pockets to promote a secure feeling.

Life Insurance Well Known

National Service Life Insurance is a well-known story to most of us by this time and the fact that approximately 98 percent. of all the soldiers in the Theater carry Government insurance is proof that its value is appreciated. Total premiums paid by this Theater in November, 1943, amounted to \$3,580,206.03.

The policy currently offered a soldier in the AUS is called "The Five-year Level Term," and provides for a level premium rate for a period of 60 months (five years) at the expiration of which the policy terminates, unless exchanged for another one on or before the expiration date. At any time after one year from issue, the five-year term policy may be converted without additional physical examination into any one of the following:

a. Ordinary Life Policy which provides the maximum amount of protection for a minimum level payment during the life of the insured.

b. Twenty-payment Life Policy which provides that premiums shall be paid for 20 years, at which time payments cease and the insurance becomes paid up for the face amount of the policy.

c. Thirty-payment Life Policy which

COMPARATIVE MONTHLY COST AT AGE 25, FOR EACH \$1,000 OF INSURANCE

5-Year Level .67	Ordinary Life 1.37	20-Payment 2.12	30-Payment 1.67
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GUARANTEED VALUES FOR EACH \$1,000 AT END OF 10th YEAR AT AGE 25

Ordinary Life Policy	Cash Value Paid Up Insurance	
20-Payment Life	\$ 98.94	\$235.64
30-Payment Life	208.95	497.64
	143.13	340.88

provides that premiums shall be paid for 30 years, at which time the insurance becomes paid up for the face amount of the policy.

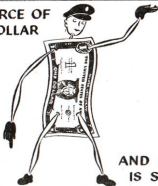
The Five-year Level Policy has no CASH, PAID-UP INSURANCE, or EXTENDED INSURANCE values. The three converted policies do have these valuable adjuncts; they share in dividends, which may be drawn in

cash or left with the Government to draw compound interest. Depending on the cash value of any one year, loans may be made against these policies.

The average soldier needs no urging to make provision for the upkeep of his dependents. His first thought on entering the army is to see that part of his pay goes back to those who look to him for support. The best way to

INCOME TAXES 26.3%		NO SPECIAL	NEW TYPES OF	BORROWING 54.9c	
INDIVIDUALS	CORPORATIONS	SAVINGS	RENTAL SAVINGS	PERSONAL	REAL ESTATE
12.5c	13.7c	4.1c	14.7c		

THE SOURCE OF EACH DOLLAR



AND HOW IT IS SPENT

NATIONAL DEFENSE 91.8c					PAID	FOR		ALL
DEFENSE	ARMY	NAVY	AIR FORCE	COAST GUARD	RENT	FOOD	HOUSING	OTHER
10.0c	12.2c	6.4c	5.5c	2.6c	5.4c			



accomplish this is by a regular deduction from the payroll.

Amount is Limited

Officers and others of similar status may allot their base and longevity pay, monthly subsistence allowance based on a 30-day month, rental allowance, and foreign service pay.

Enlisted men may allot as much of their base, longevity, and foreign service pay as will leave, after all deductions have been made, a balance of \$10, or such greater amount as will be determined by their commanding officer to be sufficient for their personal needs.

Three Allotment Classes

You will find these three classes of allotments or allowances of interest :

a. Class "E"—a direct allotment to an individual or bank for the support of allotter's family or dependent relatives.

b. Class "F"—Family Allowances to dependents of enlisted men of 1st to 7th grades inclusive who make deductions of \$22 or \$27 per month. A recent amendment to Servicemen's Dependents Allowance Act of 1942 increases the Government contribution to the various dependent individuals.

c. Class "X"—authorized for use by military personnel serving in the Theater whose dependents reside in



the Theater as the individual ; this is paid monthly by the Central Disbursing Officer.

SUMMARY

The best way for a soldier to gain confidence in the command, which means confidence in himself, his comrades and his officers is to be confident that the people he left at home are well provided for. Five ways are open by which men may accomplish this : 1, Life insurance ; 2, Family allotments ; 3, Savings deposits with the Finance Department ; 4, Money sent home by cable or postal money order ; and, 5, The purchase of War Bonds by allotment. Putting part of his pay back into the war effort will give every man an added pride in service and an additional sense of personal participation.

What kind of a savings record was set by the Seventh Army in Sicily ? How does it compare with troops in the ETO ? At home ? What are the advantages or disadvantages of the five different ways of saving, as far as the individual soldier is concerned ?

Transmittal of Funds is Easy

You may send your extra money home in either of two ways :—

(a) Step into any Finance Disbursing



Section, fill out a form, pay your money, and the Finance Department will do the rest. In a few days Dad is bragging to his friends on Main Street that "Son" could have bought his extra bond in the UK, but it's fun to surprise the folks, and Dad might need a bit of extra cash himself.

(b) The Army Post Office, with its Postal Money Orders, will do the money changing trick for you also. For a few cents fee they will give you one of those familiar green strips that are as good as gold at the home town post office window.

War Bonds Vital

We have come to a point in our economic life, soldiers and civilians alike, where it is either buy war bonds, or else. The "or else" means watching the destruction of the roots of property in the United States.

The Treasury may secure the necessary money with which to pay the ever increasing war bills in three ways: by taxation; by the sale of War Bonds to you and me; and by large scale borrowing from banks, in the form of bank credits. Taxes are paid with money already in existence; bonds are bought by individuals with the same medium, thus we have merely circulation of already existing dollars. Bank borrowing is different; no money changes hands, but a creation of bank



credits becomes effective. New money, though invisible, is created.

Money Makes Trouble

Every time a nation has been plunged into a disastrous inflation, the principal cause has been the same; a huge and rapid increase in the money circulating among the people. Right now there's an increase going on, an invisible increase, involving bank credits instead of actual greenbacks. Taxes and War Bonds do not bring enough money to meet the bills for war materials, so the only way they can be met is by the creation of new bank credits for the Government.

The people, in the Army and out of it, who fail to buy enough war bonds to cover these credits are the ones who are forcing the Treasury to create new money—in the form of new credits.

Here's an Illustration

A personal illustration will make this clear: If every man, reading this pamphlet, who has five pounds in his pocket, takes it out and lays it on a table, he will have a concrete example of money not needed for necessities. If he had needed it, he would have spent it. Now that five pounds is more than enough to cover a Government War Bond with a ten-year maturity value of \$25. As a matter of fact, a man could pay \$18.75 for a \$25 bond and still have the price of a good dinner left over.

What it means is this:

By not buying the bond with that \$18.75, the soldier who is carrying it around has forced the Government to create an additional \$18.75—in the form of a bank credit—to pay for a GI overcoat, or some other item of equipment worth about the same amount.

This is the kind of thing which adds up from month to month, until, after a time, there's an enormous total of paper credits which might just as well have been "real" money.

These credits are not "real" money in the sense that no one, or five, or ten dollar bills have been printed; but they'll buy anything that printed paper money will buy.

How Government Could Raise all Needed Funds

It should be remembered that the Government doesn't have to borrow money from Pfc Doakes in order to carry on the war. There's a much easier, but more risky, way of doing business. When the Treasury uses taxation and piecemeal borrowings from millions of civilians and service men and women, it is taking the hardest possible way of raising the necessary money. But there's one thing about that method which makes it the best—it is a brake on the fatal inflation whirl which could wreck the Nation's economic set-up.



Now when you say that the Government could go out and borrow \$12,000,000,000 in one chunk easier than it can sell War Bonds totalling that amount, some hungry Joe who has tried to negotiate a ten shilling loan, may not believe it. But it is true. Here's just how easy it would be:

Secretary of the Treasury Henry Morgenthau would call up Mr. Marriner Eccles, chairman of the Federal Reserve Board, and put it to him something like this:

"Marriner," he might say, "we're going to need about \$12,000,000,000 during the next few months. How about it? Can you arrange to have the twelve Reserve Banks buy \$5,000,000,000 of Treasury paper and, at the same time, let the member banks of the system know that they are expected to buy \$7,000,000,000 in new bonds and notes which we are going to issue shortly?"

Easy to Arrange

Eccles would go into a huddle with his open market committee and, within a matter of hours, would call the Treasury:

"Henry," he'd say to the secretary, "it's OK with us. You get your \$12,000,000,000."

Don't laugh at this, just because it is written like the conversation in a novel. The language isn't necessarily an accurate report on a transaction in



Government finance—but the lesson it teaches is a true one.

The Government can get all the money it needs without selling any War Bonds to men in uniform, in overalls, or in a generous frame of mind.

Assuming, for the moment, that Secretary Morgenthau did use the bank-borrowing method of raising that \$12,000,000,000, this is about what would happen :

After the bookkeepers got through writing little numbers in big books, the banks would have another \$12,000,000,000 of Government securities in their vaults and the Treasury would be credited, on the banks' books, with that amount. Then the Treasury could draw checks against the total to pay for planes, guns, ships and tanks. The manufacturers would deposit the checks with their banks and, in turn, would get a credit on their books. Then they could draw checks to buy materials, pay wages and meet their taxes.

No 'Printing Press' Cash

At no point in the endless chain could you put your finger on a \$20 bill and say :

"This is 'new' money, we've got inflation."

Put that way it sounds like a kind of financial shell game.

"Under which shell, Gentlemen, is the little inflation hiding?"



SUMMARY

War Bonds serve two purposes, they help pay for the war and they are the best protection against an inflation which would, if it went far enough, be a more dangerous enemy to our Country than both the German and Japanese Armies combined. A knowledge of how the war is financed is just as necessary as a knowledge of the day-to-day developments on the battle lines for a full understanding of its causes and progress. Comparison with the British bond-selling methods is an excellent introduction to a better understanding of our Allies.

What are the different kinds of borrowing by which the Treasury Department might meet war bills? Which one is the most desirable? Why? Describe a "painless" method by which the Treasury can raise funds. What are its dangers and disadvantages?

The kind of financing described on this page would be perfectly legal and very dangerous.

Because it would be legal and because it would be just about the most dangerous thing that could happen to our country, the Treasury Department has set itself the hard task of keeping this increase of invisible money at the absolute minimum. It is admitted that there will be some



increase, an increase caused mainly by temporary financial emergencies which arise when there are gaps between necessary expenditures and the income from taxes and the sale of bonds.

If it is dangerous for the Treasury to borrow money from banks, by selling them "Government paper," why is it safe to borrow money from individuals by selling them bonds?

The answer, straight from the realm of pure economics, is that such money, from individuals, is "old" money — which represents not only a theoretical metallic value but also represents some number of creative work-hours on the part of the man who has it in his pocket. In other words it is actual money, *already in existence*.

Uncomplicated

That sounds complicated but it really isn't.

Let's say a farmer raises a bushel of wheat and sells it for one dollar. The dollar he gets is an "old" dollar. The man who pays it to him had to do something of equal value to get it in the first place. Every time it changes hands, in legitimate transactions of normal business, there is a balance of productive effort by somebody, somewhere. In one sense that dollar multiplies its value as long as it lives.

Those are the kind of dollars the company commander hands out on pay

day; those are the kind of dollars the folks at home get as wages.

Those are the kind of dollars the Treasury Department of the United States of America is using when possible to pay for this war.

They are the kind of dollars which keep circulating and, in every full swing, go through the Treasury bank balances. Those are the kind of dollars which fight off the wartime

scourge of dangerous inflation. The only way they can do it, of course, is to reach the Treasury, every time around, in the form of the purchase price of a War Bond.

Men Save Now

Most men, serving in the ETO, are buying bonds right now. They may never have realized just what the operation to which they are contributing is like, but they're helping just the same.

In December, for instance, bond sales in the ETO totalled approximately \$3,200,000. That was the last month in a six-months' period in which bond sales to service personnel totalled approximately \$11,000,000.

Only 11 percent of the enlisted men in this Theater are drawing, and presumably spending, all their pay.

How You Personally Can Help

Set a monthly quota; calculate carefully your pay, family allotments,



insurance and other expenses vital to your welfare and that of your family. Then go to the Personnel Officer and make out a Class "B" Allotment for one of the 11 plans offered by the War Department for the purchase of bonds. Once the allotment is established, the issue of bonds by the War Bond Office is automatic. Every month you either buy a full bond, or have credit towards the purchase of one. Once the allotment is made, don't change it, except to raise the ante.

Don't Touch Idle Balances

If you now have an "idle balance" in a savings bank do not withdraw it to buy War Bonds. The bank has probably already used as much of your money as it legally can for the purchase of War Savings Bonds in its own name. If, however, you have an idle balance in a commercial bank that's different, use all you can reasonably spare to buy bonds.

What is Done by Saving?

In the first place, you have done your duty as a good citizen. You have built up a dollar reserve that demands the respect and admiration of your family and friends. You have funds with which to start the new life that opens before you as a member of the new world that is in the making.

Class "A" Pay Reservation

This was a plan whereby a soldier or civilian employee of the War Department might make deductions from his pay for the purchase of War Bonds. One dollar and 25 cents, or multiples thereof each month

was authorized. A small staff, millions of applications, the diversity of types of applications finally broke down the system, and on March 31, 1943, the War Department automatically cancelled all Class "A" Reservations. A separate office has been established in Chicago to set up accounts, enter credits, issue bonds, prior to March 31. Patience is indicated for those who have bonds due under this plan. They will be issued eventually, and dated the first of the month in which purchase was made.

SUMMARY

A regular monthly quota, small enough to leave you sufficient money for day-to-day expenses, is the best method for saving money regularly. Once the program is started, with a Class "B" allotment, the procedure is automatic and the deductions are made regularly from your pay. Every dollar of soldier pay, put into War Bonds, gives the man who made the allotment an added interest in current events and their relation to the war and the establishment of the peace. He has a personal "stake" in the final victory which he otherwise might not be conscious of.

What is the primary cause of inflation? How can it be avoided? What is meant by "bank credits"? Are they "new money" in the sense that the "printing press money" of some foreign countries has been "new money"? What is the difference? Is there any difference in the effect on the economy of the Nation?



Statue of Minuteman at Concord



Preparation

Ask nine out of ten soldiers in the ETO what their plans are for their first activities after they get out of the Army and the composite answer would probably be, something to the effect that :

" Boy, I'm going to eat the biggest steak in town—get out of these GI clothes—get my car running again—spend a month at the beach—buy a farm."

The list of things men are planning to do is limited only by their imagination. When they start doing them, though, they are going to find another limitation—their cash in hand.

Some men find it comparatively easy to save a fair proportion of their pay every month. Others can only do it with a checkoff—an automatic deduction, made when their organization payroll is made up, in the form of an allotment.

Because money and banking, bonds and insurance are the personal concern of every officer and enlisted man in the Army, because they have so definite an effect on the morale of every one of us, they have a legitimate place in the discussion group. None of us can be too well-informed and all of us need to take out another bond!

In organizing the discussion, the leader can look to an " information please " session. This will be one period when the men will want the latest dope from the best authority. By all means invite the War Bonds officer to conduct the discussion, and tell the men to throw as many questions as possible at him. It is excellent opportunity to have all the tangles and mysteries straightened up, and to have a clear idea of Class B and Class E Allotments, of the maximum amount of insurance available to every soldier, and of conversions to regular premiums at the close of the war. For the sake of the pocket book and everybody's future get the most and give the most to this period.



QUESTIONS FOR THE DISCUSSION

Q. What are War Savings Bonds Series "E" ?

A. They are securities issued by the Treasury to individuals who lend the Government money to help pay for war materials.

Q. What security is behind these Bonds ?

A. The full faith and credit of our Government stands behind them.

Q. How long does it take Series "E" to mature ?

A. Ten years from the first of the month in which the cash is received by the issuing agency.

Q. Can two individuals—say husband and wife—own a Bond together ?

A. Yes, any two people can own a bond as co-owners.

Q. Where can I buy Bonds ?

A. From any Bond or Finance Officer, at your PX, through such English banks as Barclays, Bank of Northern Ireland, and branches of U.S. banks in the U.K. You may also send an order direct to the Treasurer of the United States.

Q. Can I have a Bond delivered to me in this Theater ?

A. No. Bonds will be mailed to the designated address in the States or held in safekeeping for you.

Q. If I needed money before the full 10 years are up, could I turn in my bonds ?

A. Yes. Series "E" Bonds may be cashed after thirty days, but not in this Theater.

Q. What if a person owning a bond alone dies ?

A. The bond will be paid or reissued to the persons entitled to share his estate.

Q. Can I sell my Bond to someone ?

A. No. The only way you can get money for it is from the Government.

Q. What happens if I lose my Bond or it is destroyed ?

A. A duplicate will be issued by the Treasury Department upon satisfactory proof of loss or destruction.

Q. Can I cash a Bond in this Theater ?

A. No. Only at the Treasury or a Federal Reserve Bank.

For additional copies and issues of *ARMY TALKS* see the field representative of *Stars and Stripes*, or consult your Special Service Officer.



Army Talks

WAS ESTABLISHED TO INSTILL IN ALL
MILITARY PERSONNEL THE FOLLOWING



1 Confidence in the Command.



2 Pride in service and a sense of
personal participation.



3 Knowledge of the causes and
progress of the War.



4 A better understanding of our
Allies.



5 An interest in current events
and their relation to the war
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