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WAR-TIME SAVING.

How Great Britain has Handled the Problem and the Results Accomplished.

(Address of Thomas M. Lamont, of New York, J. P. Morgan and company, before New York State Bankers association, Lake Placid, N. Y., June 22, 1917.)

War Time Saving: The reason I have chosen this subject is that the winning of the war depends, to an extraordinary degree, upon whether the country goes to work at once to handle this problem effectively.

To England's first war loan of a billion and three-quarters dollars in November, there were only 100,000 subscribers. To her last great victory loan of \$5,000,000,000, early this year, there were eight million subscribers. What was it caused this tremendous increase in national interest, this wonderful financial support from every part of the nation in the prosecution of the war? It was thrift, the habit of saving and investing; a habit formed by a whole people, working with one definite end in view.

Now we are in the war, and now we in America must determine whether, during the coming months and years of the conflict, our government is destined to have the whole hearted and enthusiastic support of the nation. This question I regard as the most pressing one before us today. And because it is so, I esteem it a special privilege to speak to you at this time, for you here represent the thrift and prosperity of the great Empire state of New York. You here are in a position to take the initiative in a movement to establish thrift and saving upon a scientific basis in New York state, just as it has been established in Great Britain. And the whole nation must follow suit, if we are to render real support to the government in its prosecution of the war.

Bonar Law, chancellor of the exchequer, recently announced in the House of commons that the British government's average daily expenditure during April and May was approximately 39 1-2 millions of dollars. This is an increase of more than three-fold, as compared with the daily average of about 12 million dollars in the first year of the war.

As you know the expenditures of Great Britain and her allies, for the purchase of all kinds of supplies in the United States, are enormous; America's exports to the allied countries during the nine months ending March 31, 1917, amounting to \$3,576,000,000, or an increase of \$1,340,000,000 over the corresponding period of the previous year. This is a daily average of over \$13,000,000 for the nine months. Of course credit has had to be extended in large measure for these purchases.

Huge Expenditures to Face.

America's financial resources are now called upon to provide not only for the expenditures of the allies in this country, but also for funds to be expended by our own government, probably at the rate of \$10,000,000 to \$12,000,000 per day, in raising, equipping and maintaining our military forces. It is easier for us to appreciate the plain fact that the United States government is going to require great sums of money than it is for us to comprehend those sums, expressed in billions of dollars.

The subscription books of the \$2,000,000,000 liberty loan were closed a week ago. The figures indicating the total number of subscribers are not yet available, but we know that they have been nothing like as numerous as they must be in the future. We are well aware that the liberty loan is only the first of the issues which the government must bring out in order to meet our increasing war expenditures. And if we are to float successfully these successive issues, all the

people must invest on a heavy scale, just as they have in Great Britain and France. The people of England subscribed to the victory loan last January about 40 per cent of their combined annual income. In other words, two-fifths of the average earnings of every family in Great Britain were devoted to that loan. No such sum was ever before available for investment under normal conditions in Great Britain or in any other country. The result came from the united effort of millions of people going without things they otherwise would have bought. America's liberty loan, just completed with success, has meant a monumental effort in the way of missionary work. A great number of people who never before bought a bond contributed to the total result. Some of the wage earners, who patriotically subscribed, are probably still uncertain about just what has happened and are still a little hazy about what they are to receive in return for the weekly deductions to be made from their wages in paying for the bonds. And yet, if the American people were lending to their government in the same proportion of the national income that England lent this year, the total for America would not be a two billion loan, but a fourteen billion dollar Liberty loan.

How to Reach the Wage-Earners.

The great problem, then, is how to reach the great army of wage earners, and with them create an army of savers and investors? The carrying on of a war necessarily involves enormous expenditures by the government. A large portion of these (estimated by some as high as 80 per cent) goes directly back into the wage fund. It therefore becomes a matter of great public importance that all the people remaining at home, and participating in the prosperity brought about by public expenditures on a large scale, should be brought fully to understand the advantage of thrift and be induced to practice it. Only in this way can we create an important savings fund, to be employed in the purchase of the government's obligations.

The problem of conserving the earnings of people of every class and position, and especially the problem of creating an army of small investors, was first carefully considered by Great Britain in the autumn of 1915. There had been, as I have pointed out, only about 100,000 subscribers to the first war loan of \$1,750,000,000 issued in November, 1914. There were about 1,100,000 subscribers to the second loan of \$2,930,000,000 issued in July, 1915. The population of Great Britain is about 46,000,000 from which 5,000,000 men have been withdrawn for service in the army. In January, 1917 8,000,000 subscribers took the third war loan (the victory loan) of \$5,000,000,000.

Backing Up the Men in the Trenches.

In other words, after two and one-half years of war, for every five men at the front there were eight people at home ready to back them up with their money. To put in another way what I have already said, if in proportion to population, we had as many subscribers as there were to the last British loan we should have had 20,000,000 subscribers to the liberty loan.

Our problem today is the problem that England faced two years ago: How shall we teach every man, woman and child in the country to save and to become an investor in the government's obligation?

A committee appointed by the chancellor of the exchequer to study the question reported in January, 1916, that two important objects were to be attained by the successful solution of the problem: first, the reduction of general consumption which would tend to check the rise in prices; and, second, the raising of a certain sum of money for the prosecution of the war. In order to accomplish these results, the committee pointed out the need of

certain facilities to be placed within reach of everybody. These were: first, a simple method of investing savings; second, a guaranty that the capital value of the investment would not depreciate; third, the ability to withdraw savings at short notice; and, fourth, the knowledge that as high a rate of interest would be paid on the money of the small investor as on that of the large.

The committee pointed out that the would-be investor should not be left to seek an investment, but agencies in close touch with him should induce him to save, and should provide him with facilities for saving and for investing the proceeds of his thrift.

Effective Organization Adopted.

The recommendations of this committee were adopted by the chancellor of the exchequer, and resulted in the appointment of the National War Savings committee to carry on educational work; to establish, on a large scale, voluntary War Savings associations for co-operative saving; and to devise, approve and supervise various plans to promote and to safeguard the financial soundness of investment agencies and societies.

The way chosen for doing this was the setting up of local central committees throughout the country, each responsible for its own area. Local central committees are appointed for cities, towns or other municipal districts. These local committees are organizing bodies and do not receive money. The local committee is thoroughly representative of all classes and interests in the community, including in its membership members of local governing bodies, clergymen, representatives of schools, trade unions, religious and organized war savings associations which, in turn, receive money and collect subscriptions for government securities.

War Savings Associations.

A great part of the work of these local, central committees is the establishment of the War Savings associations. These associations are co-operative organizations for the promotion of economy and thrift, and for the providing of means whereby war certificates of one pound denomination can be purchased on the installment plan. These certificates are issued by the government through the post-office department at a cost of 15s 6d each, and yield one pound at the end of five years. In other words, the certificate is a discount note, and has the appreciable merit of saving the interest as well as the principle of the investor. The certificates have fixed cash values for immediate periods between date of purchase and date of maturity (the interest accruing being at a higher rate the longer the certificates are held,) and are free from income tax. But no person, either individually or jointly with another, person, may hold more than 500 certificates. Each member of the association pays in 6d a week (or any other minimum sum that may be fixed by the association) and when a member's installments paid in aggregate 15s 6d, a war savings certificate is delivered to him.

Up to March 1 there had been formed in England and Wales over 1,100 local committees for educational work and organization. More than 26,500 war savings associations had been established and affiliated with the central body, the National War Savings committee.

In the 22 months between the outbreak of the war and the end of December, 1916, the small investor had lent to the British government in one form or another, \$650,000,000. In January and February, 1917, over 10,000 new associations were formed, and in these two months the total subscriptions of the small investor for the Victory war loan were at least \$200,000,000.

Country-Wide Membership.

There are now in England and

Wales between 2,000,000 and 3,000,000 members upon the books of the War Savings associations. Although this great army of small investors in government loans has been created during the last year, savings bank deposits increased almost \$60,000,000 in 1916. Such an increase, in the face of heavy investment in government loans, shows the wonderful results to which this system of thrift has led in Great Britain.

America should unquestionably take advantage of England's pioneer work and experience in this field. In another way can the people realize that individual economy, thrift and saving of pennies, collected in units of dollars and invested in loans to the government will shorten and help win the war.

In the foregoing paragraph I have laid greatest emphasis on the point of saving for investment.

No less important has been the campaign to effect saving in every way. Great Britain has been faced with the same problem which we shall have to face. Countless men have been taken out of productive work and have been made consumers. A man at the front consumes more in the way of food than he would at home. At the same time, there are less men who are producing food. Consequently, there is a smaller production than formerly and a larger demand for food and other supplies. This has its immediate effect in an increase in price in all of the things which go into daily consumption. For months our own country has been complaining bitterly of high prices.

Now unless those individuals, who are consuming more than they need, eliminate the waste, the result will be that some others will have to go without a part or all of the things absolutely necessary to sustain life and health. A bushel of wheat has no more nourishment in it at \$3 than at \$1, and the man who has a fairly fixed income either must buy one-third less wheat or else give up something else. It is therefore a trite thing to say, but perfectly true, that what this country needs and must have is a concerted effort to eliminate waste, and to do without those things which in ordinary times we should consider necessities, but in times of stress can be foregone.

Household Saving Essential.

If once we realize what others are giving up it is no great sacrifice to arrange our households so that a maid can take the place of a man and release the man for work which a woman cannot do; to eat more simply, so that less wastage occurs. In England, as you know, the number of courses in a meal is restricted by law and heavy fines are imposed for violating the rules laid down. These sacrifices that we can make along these lines are small compared with the sacrifice of those who are offering their lives to the country. Yet, in their way, they are just as essential to the good of the cause. To do without should be a matter of pride, a subject for praise.

Of course we shall be charged with disturbing business all along the line. Yet it is absurd to talk of business going on as usual, when we have 10,000,000 men subject to draft for the front, subject to withdrawal from their customary pursuits and turned into consumers. Already the maxim "business as usual" has become an absurdity. Certain industries have been swollen far beyond their customary activities through the manufacture of munitions and materials for our allies. All the workers in such plants have received and have spent more money. The country has had this stimulus and has reaped the profits for nearly three years.

Employment For All.

Now we must look on the other side of the picture as well. Business will continue at high pressure, but it

will be business directed toward one end.

That end is war. Plants which do not or cannot adapt themselves to the manufacture of things which are needed are bound to suffer. Their workmen will have plenty of opportunity for employment, for the experience of our allies has shown that it is a shortage of labor, and not a surplus of labor, that has constantly to be met.

If I were asked to sum up the advantage in our adopting some such plan as has been found necessary in England, I should mention three points: First, by concerted saving, those things we have to buy will cost us less than they otherwise would, in competition with the government, which has first call on all products it needs; second, an enormous reservoir of collected savings will be put at the disposal of the government, which has to have the money and should get it from each one of us in proportion to his means; third, at the end of the war those who have saved and invested, each according to his efforts, will have laid by a share in the best security the world offers; an asset bound to serve the holder for many years to come.

Democratizing Ownership of Industries.

Finally a most important consideration in the participation by all the people in this habit of saving and of investing these savings in securities, lies in the fact that the whole people are thus educated to the purchase and ownership of securities, thereby giving hope that our great industries in the future may be even more democratized than today; that the number of investors in the securities of our railroads, our public utilities and our industries generally will be so increased that no man, woman or child in the country will be without direct and vital interest in our governmental and business institutions.

SIX DIVISIONAL GUARD CAMP SITES SELECTED.

Two are in Alabama, Two in Georgia and Two in South Carolina—None for This State.

Washington, June 21.—The following six divisional camp sites for the national guard in the southeastern department, selected by Maj.-Gen. Wood, were approved today by the war department:

Anniston, Ala.; Montgomery, Ala.; Greenville, S. C.; Augusta, Ga.; and Macon, Ga.

General Wood, it is understood, originally selected all nine sites for national guard camps in Georgia. The war department deemed it wiser, however, to distribute the groups in several states. There will be 16 divisional camps for the national guard in all, the great majority in the southeastern and southern departments. They will be regular tent encampments with a few necessary wooden structures for administration buildings, stables, wash-houses and the like and were placed in the south because of the more favorable climatic conditions for troops under canvas.

National guard troops from the east are to be drafted into the federal service July 15. It is regarded as probable that all the state forces drafted on July 15 will be sent into the southeastern department, to be followed later by some divisions from the central portion of the country, which will be drafted July 25.

Navy Ration Cost Increases.

Washington, June 22.—Increase of the commutation price of the navy ration from 30 to 40 cents was asked of Congress today by Secretary Daniels. He pointed out that the increased cost of living has made the limit of 30 cents a day inadequate.

AIR LINE STOCKHOLDERS.

Annual Meeting in Statesville—Convicts Again Removed.

Statesville Landmark, June 22. The stockholders of the Statesville Air Line Railroad Company are about to conclude that a hoodoo awaits them at their annual meetings.

When they met a year ago the State had just taken away the convicts engaged in grading the road. They were kept away for six months, being returned January 1st. When the convicts were taken away a year ago the company had just closed a contract for equipping the portion of the road graded—about 18 miles. The contract was based on the grading being continued by the convicts. Their removal knocked out the contract, and nothing was done on the road for six months.

The work of grading this year was in progress in Yadkin county, about 23 miles from Statesville and about six miles from Yadkinville. Twenty-two miles of grading is complete and three miles under way. Three Yadkin townships voted subscriptions of \$90,000, none of this money to be paid until five miles of the road had been graded in Yadkin. Soon this five miles of grading in Yadkin would have been complete and money to continue the work would have been secured from Yadkin, but the action of the State in taking away the convicts a few days ago, without notice to the company, and without any statement as to whether they would be returned, suspends all work on road for present. Just why the State proceeds that way—hampering and delaying the development of an enterprise in which it has so much interest, is a mystery.

At the stockholders' meeting in Statesville Wednesday Mr. Wm. Wallace was president and Mr. D. M. Ausley secretary. About all the stock was represented. Mr. S. Carter Williams of Yadkinville was the only non-resident of the county present.

The report of the secretary and treasurer showed that individual subscriptions of stock—\$2,975—and Iredell township subscriptions paid in amount to \$130,475. These include \$50,000 from Statesville township, \$12,500 from Bethany, \$35,000 from Turnersburg, \$30,000 from Eagle Mills and \$10,000 from Union Grove. The convict labor by the state amounts to \$130,200. The unpaid subscriptions to the stock are \$90,000 from three Yadkin townships and \$35,000 from Doboan township in Surry. These are to be paid as the road is graded in these counties. There is an outstanding indebtedness of near \$10,000, only about \$1,600 of which is urgent. The directors were authorized to make such terms as they could in settlement of the claims by the sale of first mortgage bonds on the road.

The old board of directors were re-elected as follows: Iredell county—W. D. Turner, N. B. Mills, Mm. Wallace, J. J. Mett, J. H. McElwee, D. M. Ausley, Statesville; T. L. Adams, Bethany township; Dr. P. C. Jurney, Turnersburg; P. B. Kennedy, Eagle Mills; J. T. Jennings, Union Grove; S. Carter Williams, D. M. Reece, W. T. Fletcher, F. W. Hanes, Yadkin county; R. C. Freeman, Surry. W. D. Turner was re-elected president and D. M. Ausley secretary any treasurer.

Brooding over the War Iredell Man Loses Mind.

Statesville, June 22.—Jack Mitchell, a young man of north Iredell, became demented recently and destroyed the sight of his right eye by placing Paris green and lime in it. It is believed that brooding over the war caused him to become insane. He will probably be placed in the hospital at Morganton. He has a wife and two small children.