

A HISTORY  
*of the*  
UNITED STATES  
SAVINGS BONDS  
PROGRAM



*50th Anniversary Edition*

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## ACKNOWLEDGEMENTS

**I**n preparing this updated history of U.S. Savings Bonds, and of the sales promotional program which brought them to the public, substantial use was made of two books, both published by the Treasury in 1971, which recount the story of the program's World War II achievements. They are: "Paying for a World War: The United States Financing of World War II," by Jarvis M. Morse; and the "The War Bond Story," by Laurence M. Olney.

Both Messrs. Morse and Olney were prominent in the wartime history of Savings Bonds and were important staff participants in the planning and execution of the peacetime Bond program until the time of their respective retirements in the 1960's.

Their histories were based on thorough research into official records, as well as interviews, diaries, and their own recollections. We are indebted to both authors for giving us their personal insights, as well as essential facts, about one of the most significant chapters in our nation's economic history.

Special thanks also go to Edmund J. Linehan, for many years the Savings Bonds Division's Director of Advertising and Promotion, who researched and wrote this history.

U.S. Savings Bonds Division  
Department of the Treasury  
Washington, D.C. 20226  
January 1991

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## PREFACE

**T**his year marks the 50th anniversary of the sale of the first Series E Bond. In recognition of that event, this history of the Savings Bonds Program is a tribute, not only to the Savings Bond, but also to the millions of individuals who gave of themselves to make the Program a success.

The sale of United States government securities to the public dates back to the nation's very founding, more than 200 years ago. In 1776 private citizens purchased more than \$27 million in government bonds to help finance the Revolution—buying them on trust, not being sure they would ever see their money again. But their confidence proved justified when after the war the new government—not without difficulty, and not without dissent from some quarters—paid off all its obligations in full, and on time. Thus began one of America's proudest, and most lasting, traditions: the pledge of our nation's full faith and credit standing behind every government obligation.

Since then, many generations of American families have been offered the opportunity to share in financing



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exciting national projects—from the purchase of the Louisiana Territory to the building of the Panama Canal; from the acquisition of Alaska to the completion of the first transcontinental railroad—as well as to help finance the heavy costs of our nation's wars.

From bond issues sold during the Civil War the Treasury learned that the technique of person-to-person selling was highly effective. Similarly, results of Spanish-American War financing proved the attractiveness of small-denomination bonds. Both bits of experience would help guide the Treasury in subsequent public offerings.

And in the middle 1930's, at a time when people's incentives to save—as well as their confidence in financial institutions—had been shaken by the pain of the Great Depression, a personal experience of Treasury Secretary Henry Morgenthau, Jr., led to the introduction of United States Savings Bonds. He had observed the success of both Great Britain and France in offering, for continuous sale, a government security specifically patterned to the needs of the ordinary citizen.

***One of America's  
proudest traditions...  
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A similar type of product, he felt, might prove equally acceptable to Americans. It could offer an opportunity to broaden the base of the public debt by attracting the funds of small savers, thus lessening the government's dependence on large private investors and the commercial banking system. It might also encourage citizens—as a by-product of owning some shares in their country—to become more interested in, and concerned about, national policy.

With these thoughts in mind the Secretary and his advisers set about developing an entirely new type of government security, one designed for general financing and priced to appeal to the mass market. Since it was to be tailored to the needs of the small saver rather than the sophisticated investor, they agreed it should possess—as a primary feature—built-in safeguards to protect even the most inexperienced buyer.

What they were thinking about, and what ultimately emerged from their deliberation, has turned out 50 years later to be the world's most widely-held security, the United States Savings Bond.

***A personal experience of  
Treasury Secretary  
Henry Morgenthau, Jr.,  
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PART 1:  
FROM BABY BONDS TO V-J DAY





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## SERIES A TO D – THE “BABY BONDS”

**E**arly in 1935 the Treasury introduced legislation in Congress to permit the issuance of a new “popular” type of security to be known as a United States Savings Bond.

At the time, the government was about to undertake several costly programs designed to alleviate the unemployment situation. The money involved—some \$4.8 billion—would require deficit financing, which ordinarily might be expected to be underwritten by a relatively few investors: chiefly banks and wealthy individuals. Because it was felt that this new debt might be more constructively managed if more widely spread, the timing of the Savings Bond legislation was ideal. The bill readily passed both the House and Senate and, on Feb. 4, 1935, was signed into law by President Roosevelt.

***Because of its low starting price, the Series A Bond was destined to be quickly nicknamed “the baby bond.”***

The first U.S. Savings Bond, Series “A,” was issued on March 1, 1935. It was an instrument of government financing showing evidence of debt, but was not a marketable security which could fluctuate in value, such as the old liberty Bonds of World War I. It was a discount bond, carrying a schedule of fixed redemption values, and was redeemable after a short holding period at full purchase price plus accumulated interest, at any time prior to maturity. It was non-negotiable, issued only in registered form, and could be replaced in the event of loss, theft, or destruction.

Finally, it was available in popular-priced denominations ranging from \$25 (purchase price \$18.75) to \$1,000. Its interest rate was 2.9 percent (attractive for that time), compounded semiannually, when held to a 10-year maturity. Because of its low starting price (and maybe also because of its simplicity) it was destined to be quickly nicknamed “the baby bond.”



*The Series A Bond – the first of the “Baby Bonds.”*

Familiarizing the public with the new product, and getting sales response, proved quite a challenge. The only sales outlets, apart from the Office of the U.S. Treasurer, were the nation's post offices, where enthusiastic merchandising was hardly to be expected; and, while there was a small paid advertising campaign, it was chiefly confined to financial publications where the ordinary saver was unlikely to see it. (Besides, Congress did not approve of paying for advertising, and by 1939 this item had been cut from the appropriation.)

But direct mail, using carefully selected lists, proved to be an effective method of developing customers—as well as making repeat sales through regular “reminder” mailings—and the Treasury made the most of it. Gradually, a dependable, though modest, base of regular buyers was built, and over the six-year period from March 1935 to April 1941 the sales trend was steadily upward. Cumulative sales of the Series A,B,C, and D Bonds (the last of which matured and ceased earning interest in April 1951) totaled about \$4 billion.

Contrary to Secretary Morgenthau's hopes for a truly “small savers” program, the overwhelming majority of the approximately 18 million Baby Bonds sold had been of the three largest denominations, \$100, \$500, and \$1,000. This may have been inevitable, given the type of selective marketing employed; but the situation would quickly change in the charged-up sales atmosphere of the forthcoming Defense Bond effort.

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## DEFENSE FINANCING – AND A CALL FOR “ONE GREAT PARTNERSHIP”

### THE MODERN PROGRAM BEGINS

**T**he war in Europe which began September 1, 1939, with Hitler's invasion of Poland, had a quiet first winter (they were calling it “the phony war”), then erupted in full fury in the spring of 1940 with the occupation of Norway and Denmark, the invasion of the Low Countries, and finally the capitulation and partitioning of France. In June, Italy joined forces with the Nazis. Now only Britain was left—for as long as her cities and ports might survive the all-out bombing attacks of the Luftwaffe and the threat of imminent invasion.

In the United States, defense preparations had begun. While the country was sharply divided on the question of direct military involvement, the need to modernize our own defensive capability and to provide our embattled friends with goods and equipment was clear. Factories were beginning to hum with activity, with a limitless pool of workers available from the ranks of the unemployed. The first peacetime Selective Service law in history was enacted, and on Oct. 16, 1940, America's young men registered for the draft.

By early 1941 the public debt was expanding rapidly. The danger of price inflation was growing as defense spending poured money into the economy and diverted consumer goods from the market. There was an obvious need to take surplus funds out of the spending stream and store them for the future, thus helping to reduce inflationary pressures during this critical period.

The time was clearly at hand for an immediate expansion of the Treasury's modest but promising “small savers” program of government financing. (Secretary Morgenthau saw it, too, as a potential unifying factor in a time of great public discord and uncertainty.)



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Thus, on the night of April 30, 1941, President Franklin D. Roosevelt went on the air to announce a new “Defense” Savings Bond, the Series E, and invited all citizens to join him in “one great partnership” to help finance the nation’s defense effort. The next morning, May 1, he set the pace by buying the first E Bond from Secretary Morgenthau.

### The E Bond

The new Series E Bond was closely patterned after its predecessors, the Series A through D. It was priced at 75 percent of face value and returned 2.9 percent

interest, compounded semiannually, if held to a 10-year maturity. There were five denominations to start: \$25, \$50, \$100, \$500, and \$1,000.\* Two large investor denominations, the \$5,000 and \$10,000, were to be added later, as were two “memorial” denominations: the \$200, for President Roosevelt (1945) and the \$75, for President Kennedy (1964).

E Bonds were made available only to individuals, with three choices of registration: (1) in the name of one individual; (2) in the names of two individuals as co-owners; (3) in the name

of one individual, payable upon death to another designated individual. Regulations provided that the bonds could not be used as collateral, nor could they be transferred or sold. They were not subject to call prior to maturity, but were redeemable at any time after two months from the date of issue, without advance notice, at full purchase price plus accumulated interest. Because of the comparatively high rate offered on these securities, a limit of \$5,000 (maturity value) was placed on the amount one could acquire in any one calendar year.

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*\*During the war a \$10 denomination was offered for the armed forces.*

***On April 30, 1941, President Franklin D. Roosevelt went on the air to announce a new “Defense” Savings Bond, the Series E, and invited all citizens to join him in “one great partnership”...***





As with other U.S. government securities, the interest on Series E Bonds would be subject to federal income taxes (though deferrable until redemption if desired), as well as to estate, inheritance, gift and other excise taxes, whether federal or state. They would be exempt, however, from all taxation imposed on the principal or interest by any state, U.S. possession, or local taxing authority.

*Secretary of the Treasury  
Morgenthau selling President  
Roosevelt the first Series E  
U.S. Savings Bond on  
May 1, 1941.*

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## New Offering for Investors: The F and G Bonds

Simultaneous with the birth of the E Bond the Treasury also put on sale two investor-type Savings Bonds, the Series F and the Series G. These were designed for all classes of investor except commercial banks.

Both F and G Bonds would have a 12-year maturity period, the F paying 2.53 percent interest and the G 2.50 percent. Either bond could be redeemed at any time after six months, upon one month's written notice.

F Bonds were of the appreciation type, like the Series E, and were offered in denominations of \$100, \$500, \$1,000, \$5,000, and \$10,000, purchase price being 74 percent of face value. (A \$25 denomination was added later).

G Bonds, unlike the E or F, were current-income securities. Purchased at face value, they would pay interest in level amounts each six months by Treasury check.

If they were redeemed prior to maturity, however, the principal repayment was subject to adjustment (except in the case of death of the owner, when they would be redeemed at par). G Bonds were priced at \$100, \$500, \$1,000, \$5,000, and \$10,000.

Both series would be available only through Federal Reserve Banks and at the U.S. Treasurer's office, but most banks and other financial institutions would accept applications for forwarding. The annual purchase limit for either series would be \$50,000, face value. This was raised to \$100,000 in 1942, and later higher still for brief special offerings to certain institutional investors.



One of the original Series E Bonds. Some E Bonds will still be earning interest into the next century.

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### **An Added Starter: U.S. Defense Savings Stamps**

FDR's radio address had spoken not only of the new Defense Savings Bonds, but also Defense *Stamps*. These had originally been Postal Savings Stamps, but now the proceeds from their sale would be credited to the general fund of the Treasury, and they would become public debt instruments.

Like the Thrift of World War I, Defense Stamps would be offered in a variety of small denominations: 10, 25 and 50 cents, \$1, and \$5. They would be sold at post offices, where free albums would be available for each denomination. Post offices, and later banks, would redeem filled albums and issue E Bonds in exchange.

Now any citizen with as little as a dime for a Defense Stamp could participate in what the President had called for: "one great partnership" to help finance America's defense.

***Now any citizen with  
as little as a dime for a  
Defense Stamp could  
participate.***



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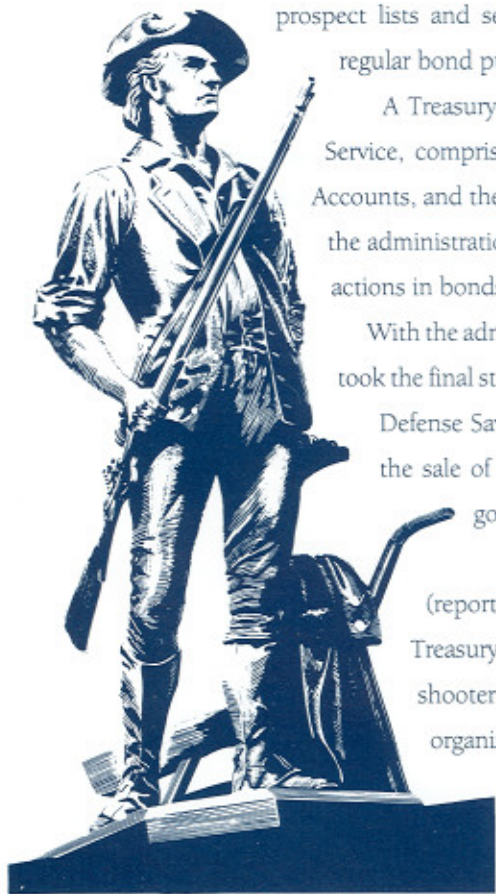
## ORGANIZING FOR ACTION

**I**n 1936, about a year after the Series A Bonds had gone on sale, Secretary Morgenthau established a "Division of Savings Bonds" in the Office of the Secretary, with Eugene Sloan as Division Chief and James Bryan as his assistant in charge of publicity and sales promotion. With a small staff to assist them, they set up the direct mail sales program mentioned earlier which developed prospect lists and sent out solicitation "assemblies" providing for regular bond purchases at fixed intervals.

A Treasury reorganization plan in 1940 created the Fiscal Service, comprising the Office of the Treasurer, the Bureau of Accounts, and the Bureau of the Public Debt, which was assigned the administration of the debt and the handling of related transactions in bonds and other interest-bearing securities.

With the administrative machinery now in place, the Treasury took the final step of establishing in the Office of the Secretary "a Defense Savings Staff which will have charge of promoting the sale of United States Savings Bonds and other similar government securities offered to the public."

A skeleton headquarters staff under Mr. Sloan (reporting to the Secretary through Harold N. Graves, a Treasury veteran who had been the Secretary's top "trouble shooter") was already in place by May 1, 1941, and a field organization was being put together state by state.



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*"The Minute Man of Concord," for many years the symbol of the Savings Bonds program.*

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Governors were asked to serve as honorary chairmen, and government professionals—such as Directors of Internal Revenue or of Customs—were assigned as temporary state administrators. One of their primary jobs was to recruit a leading businessman or banker to become volunteer (\$1-a-year) State Chairman, and community leaders throughout the state to become County Chairmen.

The leadership of volunteers was, in fact, to become the distinguishing characteristic of the Savings Bonds program... and Daniel Chester French's sculpture of the Minute Man of Concord—symbolic of the citizen-volunteers who launched the American Revolution in 1775—was chosen as its symbol.

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#### **Banks Become Issuing Agents**

A prime necessity for the new Defense Savings program was that of making the product universally available. Using the post offices as sole sales outlets had already proven to have severe limitations, especially in terms of service and convenience to the public.

Thus in the launching of the new volunteer-oriented sales program it was logical for the Treasury to turn to the banking industry for help. Under the leadership of the American Bankers Association and other trade groups, and with the help of the fledgling field staff in persuading local banks to participate, most commercial and savings banks agreed to become issuing agents for Defense Bonds. Not only did this more than double the number of outlets, but it also provided a more natural setting where customers could buy bonds in connection with other banking business. (Redemption of Bonds by banks did not begin until 1944.)

Of equal importance, the blessing and endorsement of the banking industry would help establish the buying of bonds as an integral part of the community's contribution to the defense and war effort. (Although some banks were initially

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reluctant to solicit bond orders from their customers, experience was to prove that bank deposits increased steadily between war loan drives.)

### **Buying Bonds “Where You Work”**

Long before the advent of Savings Bonds, the insurance industry had developed a handy plan for collecting premiums on their industrial policies, through payroll deduction. Some business firms, too, had used a payroll deduction system to help employees buy company stock. Thus it was not surprising that early in the days of “baby bonds” the American Telephone and Telegraph Company installed a similar plan for automatic bond purchasing at its New York headquarters, and soon had substantial participation.

Prompted by this and other examples, Defense Savings Staff people—after seeking the advice of experts and obtaining endorsements from both management and labor groups—were able to persuade Secretary Morgenthau to approve the use of a payroll deduction plan for the purchase of Defense Bonds... on the strict condition that it be voluntary and devoid of pressure.

***The very heart of the Savings Bond sales system... The Payroll Savings Plan.***

In short order a dozen or more large national companies had adopted this automatic system, with many others soon to follow—including the armed services and all governmental departments. A labor union section was added to the Washington promotional staff, to assist in handling the plan in large industrial companies and in promoting its merits to both workers and management. Insurance underwriters, too, worked as volunteers in helping to spread the growth of the plan throughout the nation.

Thus began what was to become the very heart of the Savings Bond sales system: The Payroll Savings Plan.

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## PEARL HARBOR... AND NOW THEY ARE WAR BONDS

**A**fter the E Bond introduction on May 1, the Defense Savings Staff concentrated on organization and planning, and virtually all states were at least partially organized by December. Meanwhile sales were building steadily, and Payroll Savings enrollments had grown to 700,000. (A Gallup poll in October 1941 showed that 97 percent of those polled had at least heard about Defense Bonds and Stamps.)

With the Japanese attack on Pearl Harbor, Defense Bonds became War Bonds—informally at first, later by official order. The “Defense” Savings Staff became the “War” Savings Staff. Sales began to boom. Many issuing agents ran out of bond stock. Payroll Savings signups soared. (By 1945 they would reach a peak of more than 25 million, including government and the armed forces.)

Volunteers by the thousands joined the cause. Their work was dramatized when one of them, screen

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*Carole Lombard is photographed while on tour for War Savings Bonds in December 1941. The day after raising \$2.5 million at a rally in Indianapolis, she died in a plane crash near Las Vegas.*



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star Carole Lombard, died in a plane crash en route home from a War Bond rally in Indianapolis on Jan. 16, 1942 .

### **A Musical Question—and Who Could Resist?**

In May 1941 Irving Berlin had contributed his new song, “Any Bonds Today,” vesting the copyright in the Secretary of the Treasury. In August, singing star Barry Wood had introduced it to a national audience on the CBS “Hit Parade.” Now, radio stations around the country were plugging it frequently—not just because it was a good song, but also because it provided a restful substitute for the harder-sell public service commercials the Treasury (and everybody else in Washington) was pressing upon them.

***In May 1941 Irving Berlin contributed his new song, “Any Bonds Today.”***

America’s entry into the war had brought forth a host of new problems for the government, to be solved only with the help of the public. Rationing—conservation—manpower—allocation of scarce materials—these were just some of the critical programs (in addition to the buying of War Bonds) which required public cooperation.

To coordinate the massive demands for air time and newspaper space a new government agency, the Office of Facts and Figures, took over the responsibility of setting priorities and of distributing war-related public service material to media. Later the Office of War Information took over this function. But it was the private sector which provided the final, and best, solution—in the form of the War Advertising Council.

### **The War Advertising Council**

Shortly after Pearl Harbor the advertising industry volunteered its services—on behalf of advertisers, advertising agencies, and media—to the government and



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the war effort. The contribution included the creation of messages by leading agencies, their broadcast or publication by media, and the use by national advertisers of war-related tie-ins in their regular advertising.

All of the industry's components would take part in the effort, and each major medium—newspapers, radio, magazines, outdoor, and transit—committed itself to maximum support of all designated campaigns. The Treasury's War Bond campaign was among the first to receive such support, and throughout the war was among the leaders in services received. By 1944 the value of time and space contributed to bond sales was estimated at more than \$250 million.

### **Publicity and Special Events**

Advertising told the public why bonds were important for themselves and their country. Publicity showed them what a popular program it was. Every activity—from the setting of sales quotas to the tours of movie stars and battlefield equipment—lent itself to pictures, interviews, and media coverage.

On radio—besides the regular broadcasts of Treasury produced musical and documentary shows on local stations and the dozens of spot announcements per week—each network produced one or more “Radio Bond Days” on which every program had a War Bond tie-in, and listeners were urged by top stars to phone in pledges to buy more bonds.

***On radio, each network produced one or more “Radio Bond Days.”***

Newspaper carriers enlisted as volunteers: they sold War Savings Stamps to their customers and took orders for bonds, and bought bonds themselves out of their earnings.

Department stores and other retailers urged customers to take their change in War Stamps. They blocked off streets and sponsored rallies. They promoted Payroll Savings among their employees and sold bonds over the counter. Sometimes short of goods to advertise, they devoted the space to bond ads. They had



*Posters were not always subtle...*

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There were house-to-house and farm-to-farm canvasses in quest of more buyers, with volunteers doing the job. The message to farmers went to the heart of their self-interest: “The Crop That Never Fails.”

Movie theaters sold War Savings Stamps at the box office, and on the screen showed newsreel trailers, cartoon shorts, even feature films about War Bonds. Premieres were staged at leading theaters, with bond purchases as the price of admission (touring radio shows like “Truth or Consequences” did this, too). Meantime, top Hollywood performers were making personal appearances in cities

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spectacular window displays and sponsored traveling exhibits (Norman Rockwell’s famous paintings, “The Four Freedoms,” were taken on a nationwide department store tour in support of War Bonds).

At Washington staff headquarters a National Organizations unit organized and promoted the support of patriotic and fraternal groups, women’s, veterans, labor union organizations, service clubs and interracial committees, professional societies, and others. Collectively they participated in hundreds of local promotions. They accepted internal sales quotas, published War Bond ads and ran stories about campaign activities in their publications.

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large and small as part of their industry's all-out support of the war effort.

There was a program called "Schools at War," jointly sponsored by the Treasury and the U.S. Office of Education, promoting stamp and bond purchases and teaching the need for thrift and conservation under wartime conditions. Among its promotions was one encouraging each school to "buy a Jeep" with the stamp purchases of its pupils. In 1943 alone, schools "purchased" more than 90,000 Jeeps this way.

Cities, too, were "buying" war supplies and equipment with their bond purchases—planes, destroyers, even an aircraft carrier. The Air Force fell behind in lettering the names of sponsoring cities on new aircraft. (Costs of previous wars had been tiny by comparison. The estimated total cost of the Revolution—\$100 million—was equal to one-half day's costs in World War II; the \$7 billion spent by both sides in the Civil War equalled about one month's expenditures in 1944; the \$31 billion cost of World War I would have financed about four months of the second war.)

***Cities, too, were  
"buying" war supplies  
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In July 1942 the magazine industry joined in a unique common effort. More than 500 national consumer magazines carried on their covers the same art design: the American flag with a U.S. War Bond. Later the Library of Congress exhibited a complete collection of these covers as part of its own bond promotion.

### **Women's Activities**

At War Savings Staff headquarters, specialists abounded. Experts from many fields were there, as both paid staff and volunteers, to plan and coordinate the countless special promotions. The Women's Section was one of the most active. Besides enlisting every leading national women's organization as a sponsor, it developed extensive materials for use at local club meetings, booklets for distribution at food



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stores, articles for newspapers and magazines—all on the subject of women's stake in the problems of shortages, rationing, and inflation. Costumed "Molly Pitchers,"

***"Bonds for Babies"  
posters went up in  
hospital nursery wards.***

named for the Revolutionary War heroine, sold stamps and bonds at sidewalk booths. "Bonds for Babies" posters went up in hospital nursery wards. Famous designers created corsages made up of cellophane-wrapped War Savings Stamps. A "Pin Money" campaign encouraged housewives to buy bonds with left-over pennies and dimes from household accounts.

Everywhere women were on the scene: at rallies, in door-to-door pledge



campaigns, in the school and retailer promotions. And in Payroll Savings campaigns women prospects, and signers-up, frequently outnumbered the men.

Volunteers. No one could begin to count them. But they were everywhere.

*...But they did hit all constituencies.*

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## THE TREASURY'S BORROWING OBJECTIVES... AND SOME OBSTACLES

**I**n financing the swelling war-created deficits the Treasury had three basic choices:

- borrowing from the banking system (in effect creating new money, thus inflationary).
- borrowing from the accumulated savings of individuals, reserves of corporations, mutual savings banks, etc. (neutral—non-inflationary) .
- borrowing from the current income and liquid savings of individuals (in effect taking money out of circulation, thus anti-inflationary).

While all three forms would obviously be necessary to finance the huge expenditures of war, it was the Treasury's objective to put major emphasis on the savings of the people, thus at least reducing the need for bank borrowing. But obviously it would take nothing short of a crusade to do it.

*It was the Treasury's objective to put major emphasis on the savings of the people.*

### A Compulsory Savings Plan?

The War Bond, with its many attractive features including the opportunity of automatic purchase, and with an army of volunteers promoting it, was well calculated to do much of the job the Treasury required. Nevertheless it became clear early in the war that with their emphasis on the small saver, War Bonds could not possibly absorb the large accumulations of funds in the hands of big corporations, insurance companies, savings banks, and wealthy individuals.

The realization came even at a time when sales of small bonds to small investors were going very well, and it gave rise to a troublesome question: can the voluntary bond program really work, or must some system be devised for forced loans to the government, i.e., *compulsory savings*?

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The idea of forced loans (coupled with tax increases) as a method of war financing had first been advanced in England by the economist John Maynard Keynes. The Keynes plan received wide endorsement there, and interest in it was also growing in the United States. Some called it the best way yet presented to raise money and curb inflation. Throughout 1942 more and more economists, newspaper editorialists, members of Congress, even administration officials were joining forces to promote the idea. (Even the public, judging from a Gallup survey, was not totally opposed—29 percent would accept it.) Only Secretary of the Treasury Morgenthau, with the backing of President Roosevelt, held out in opposition to the plan. His point was that the voluntary way was “the democratic way”—but even he was forced to concede that if upcoming war loan drives failed to produce the hoped for results, some form of compulsory savings might indeed have to be considered.

Further for his viewpoint, the First, Second, and Third War Loan Drives (December '42, April '43, and September '43) all attracted increasing amounts of non-bank money, with purchases of E Bonds by individuals on a sharply rising scale, and the argument for compulsory savings was successfully blunted. Finally the issue was allowed to fade away without its many controversial aspects (including what it would do to the volunteer movement, and its potentially devastating effect on private savings institutions) ever having to be tested.

***The voluntary way was  
“the democratic way”***

**The Victory Fund Committees: Partners or Rivals?**

One of the early criticisms of the War Savings Staff was its failure (for lack of time and resources) fully to exploit the market for F and G Bonds, its emphasis naturally being on the promotion of E Bonds to the small saver. To bridge this gap the Treasury called a meeting in May 1942 with Federal Reserve Bank presidents and

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the heads of leading securities firms, for the purpose of setting up machinery to reach the investor market.

The result was the setting up of a "Victory Fund Committee" in each Federal Reserve district, made up of bankers and members of the securities industry, to aid the Treasury's financing program... including the promotion not only of War Bonds but also of all market-risk securities: notes, bills, certificates, tax notes and bonds. The committees would work with large investors ("the classes"), and would not in any way duplicate the work (with "the masses") of the War Savings Staff.

Jurisdictional problems, unfortunately, were quick to arise. The War Savings Staff was under Treasury management; the Victory Fund Committees were managed by representatives of the banking and securities businesses. Both groups felt they had a claim to the services of War Savings volunteers. There was a question of whether one group or both should be concerned with F and G Bonds, and whether F's and G's should even be called "War Bonds." At first the F and G responsibility was given to the staff; then, because of strong objections from the Victory Fund groups, that order was rescinded. Competition increased—not only for publicity, but also the services of volunteers. Above all, the dual operation was confusing to the public, demoralizing to the staff, and not accomplishing its mission.

Of special importance was the relative concern felt by each group as to the source of the funds being loaned to the government. The staff, by training and instinct, believed that the threat of inflation could best be countered by absorbing as much as possible of current income and liquid savings through the sale of E Bonds to individuals; the Victory Fund group for the most part favored issuing a negotiable security in small denominations to compete with the E Bond for the savings of small investors.

Ultimately Secretary Morgenthau, recognizing a continuing need for the help of both groups (provided harmony could be restored), issued an order combining

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the two functions within one organization. This new organization would be known as the War Finance Division (War Finance *Committee* at state level) reporting to a National Director. To this post he appointed Theodore R. (Ted) Gamble, an Oregon theatre executive who had been serving on a “dollar-a-year” basis as an Assistant to the Secretary of the Treasury. Under his leadership, and with the Secretary’s firm support, the changeover was made peacefully and the new organization went briskly forward to finish the job.

### Accomplishments

From May 1, 1941, through December 1945, the War Finance Division and its predecessors were responsible for the sale of nearly \$186 billion worth of govern-

***The war finance program had given over 85 million E Bond owners a justifiable reason for believing that they too had helped win the war.***

ment securities. Of this, more than \$54 billion was in the form of War Savings Bonds, E Bonds alone accounting for \$33.7 billion. This was a key factor in the successful financing of World War II, and in keeping the pressures of inflation under control.

It also made a significant contribution to the American volunteer tradition. True to its symbol, the Minute Man, the war finance program had attracted the support of nearly six million helpers, and had given over 85 million E Bond owners a justifiable reason for believing that they too had helped win the war.



PART 2:  
THE PEACETIME PROGRAM



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## THE EARLY POST-WAR PROGRAM, 1946-1962

**W**ell before the war ended, the Treasury had conducted informal research among key groups—company heads, labor leaders, educators and others—soliciting their opinions as to the feasibility of a continuing Savings Bonds sales effort in peacetime. It was important to know how willing such volunteer leaders might be to continue their support—as well as to have their assessment as to the probable degree of public participation, given the absence of a central patriotic rallying point like the war.

The leaders surveyed were almost unanimous in feeling that the program, in some form, should go on: that the practice of thrift so well begun among millions of citizens should not be allowed to lapse for want of cultivation; and that it was important that small savers continue to have a share in the ownership of the public debt.

It was also realized that as wage and price controls were lifted and scarce consumer goods once more became available there might well be a deluge of redemptions, making more difficult the fight against inflation. At the very least, a continuing Savings Bonds promotional program could exhort bond-owners to conserve their present holdings while urging them to buy more bonds.

***The leaders surveyed were almost unanimous in feeling that the program, in some form, should go on.***

These were some factors leading to the government's decision to continue the program in reconstituted form... and to do it promptly, allowing no lapse between the close of the old program and the start of the new. Thus on January 1, 1946, three weeks after the Victory Loan Drive, Treasury Department Order No. 62 established the United States Savings Bonds Division.

The new National Director was Vernon L. Clark, a Des Moines lumber

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company executive who had directed the War Bond program in Iowa as State Administrator. Serving without salary, he would carry the title of Assistant to the Secretary of the Treasury and National Director of the U.S. Savings Bonds Division.

As general objectives, the peacetime program would:

- continue the sale of bonds through Payroll Savings and over the counter.
- continue the sale of Savings Stamps through schools and at post offices.
- encourage the continued holding of Savings Bonds, thereby helping to keep the public debt widely spread.
- continue advertising and publicity activities in all media.
- maintain good public relations with banks and other issuing agents.
- provide, by extension of the foregoing, an opportunity for every volunteer desiring to continue in active public service.

As already noted, the cooperation of industry, labor, banking, and education had been checked out in the closing stages of the war. Now, another key component—the advertising industry—came forward with an important decision.

The War Advertising Council, through which advertisers, agencies and media had given generous support to the government's important communication needs since 1941, would be reorganized and made permanent under the name The Advertising Council, Inc. Its first client would be the U.S. Savings Bonds Division.

In the field, 36 of the State War Finance Chairmen agreed to continue as chairman of the volunteer state committees. A majority of County Chairmen also expressed willingness to carry on their leadership of local activities.

At the staff level the force was gradually reduced to one-fourth of its wartime size (by 1947 there were only 380 paid employees, including both headquarters and the field). About 30 of the wartime Executive Managers in the field became State Directors. In 16 states the Director would be the only paid professional.



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### **Drives Give Way to “Promotional Peaks”**

The war loan drives had gone all-out to raise money from every possible source. Now the need was more selective, and the preliminary decision was made to forego full-scale campaigns in favor of “promotional peaks”—periods of targeted advertising and publicity, with stepped-up sales activity.

The second anniversary of D-Day, June 6, through Independence Day, constituted the first such peak period in 1946. Treasury Secretary Fred M. Vinson (who had succeeded Henry Morgenthau in July 1945) kicked it off with a network radio broadcast, linking bond-buying with the control of inflation. The second peak came between Armistice Day and Pearl Harbor Day. In both instances there was a noticeable bulge in sales.

### **Redemptions Prove Moderate**

The widely-felt worries concerning an expected “deluge” of War Bond redemptions once the shooting had ended were to prove unfounded. In both 1945 and 1946, E Bond sales continued to exceed redemptions by a comfortable margin, and two years after the war ended some 62 percent of all E Bonds issued since May 1941 were still outstanding. Surveys indicated that most redemptions were related to financial emergencies—and that most people continued to think of their bond savings as the family’s capital fund, not to be used for ordinary expenses.

### **“Bond-a-Month” Begins**

In mid-1947 a new promotion idea was added to the time-tested Payroll Savings Plan. This was the Bond-a-Month Plan, offered by banks, under which a depositor authorized his bank to purchase a bond for him each month and charge it to his checking account. This had been tried in scattered communities during the war, but now was getting its first national exposure. Signups during the remainder of that

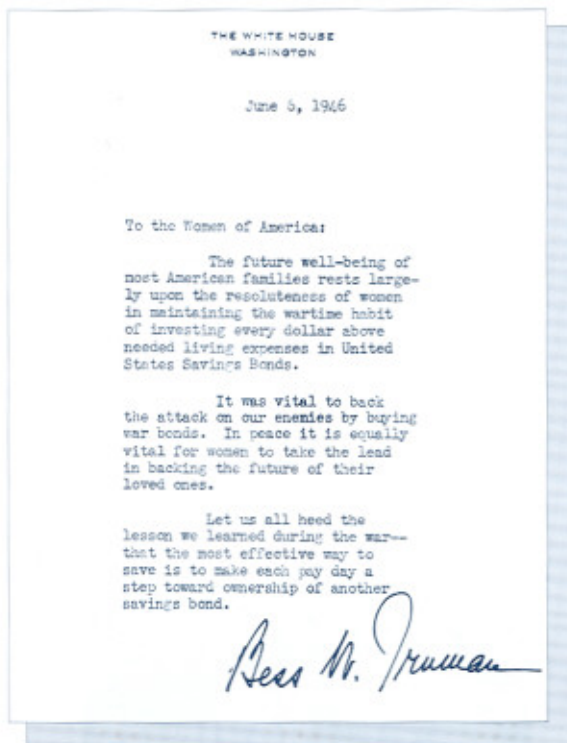


year—mostly of professional and self-employed people and farmers—totaled about 500,000.

### “Campaigns” Come Back

The word “campaign” came back into the language in 1948 when the Division conducted an intensive sales and advertising drive around the theme of security—for the bond buyer and for the nation. It was called the Security Loan Campaign, and there were even suggestions—though not acted upon—that the Savings Bonds name be changed to “Security Bond.”

In 1949, another and larger-scale promotional drive was carried on under the name Opportunity Savings Bonds Campaign. Marking the 100th anniversary of the discovery of gold at Sutter’s Creek, the campaign was dramatized by a tour of covered wagons (contributed and built by industry) from Missouri to California. Special bond jingles to the tune of “My Darling Clementine” were recorded by a dozen or more singing stars and distributed to radio stations. “Put More Opportunity in Your Future” was the sales slogan. Top Hollywood personalities appeared on a four-network radio broadcast to launch the drive, along with President Truman, Treasury Secretary John W. Snyder (Vinson’s successor), and several state governors.



*Following the lead of Eleanor Roosevelt, Bess Truman gave visible support to the Bond program.*

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The following year it was the Independence Savings Bonds Campaign, tying in with the 175th anniversary of American independence, and exhorting citizens to “Save for Your Independence.” Again generous volunteers made possible the “props”—the casting of 50 replicas of the Liberty Bell at the historic foundry at Anancy,

France, where the original bell was made. These were sent on tour on industry-supplied trucks to each state capital, where a bell was left for permanent display. (One of the bells still stands on the steps of the Treasury Building in Washington, opposite the White House.) In Philadelphia the signing of the Declaration of Independence was re-enacted by a dramatic cast—and the original Liberty Bell in Independence Hall was rung (softly) as part of a four-network radio kickoff. Simultaneously, CBS-TV was carrying the first Savings Bonds television kickoff,

*The preliminary decision was made to forego full-scale campaigns in favor of “promotional peaks.”*

with Arthur Godfrey’s Talent Scouts. The President and Secretary Snyder appeared in a simulcast at the end.

The last of this series of annual “campaigns” came in the fall of 1951 and was called “America’s Defense Bond Drive” (for a time Savings Bonds were once again called by that name). “Make Today Your D-Day” was the slogan. Medal of Honor winners, along with the President, appeared on the network radio kickoff. On New Year’s Day, 1952, other Medal of Honor winners of the Korean War would be honorary Grand Marshals of the Tournament of Roses Parade at Pasadena, riding in the Savings Bonds float.



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### **First “Extension Option” Announced**

In 1951 the good news was the Treasury’s announcement that the earliest Series E Bonds, issued starting in 1941 and now beginning to reach maturity, could continue to be held, at interest, for up to 10 more years—a privilege never before granted on government securities.

The bad news was that sales of new E Bonds fell to their lowest point ever: \$3,190 million.

In May 1952 the interest rate on E Bonds was raised marginally—from 2.9 to 3.0 percent—and the maturity period was reduced from 10 years to 9 years 8 months.

### **H Bond Is Introduced**

The E Bond was given a companion current-income bond designed for the ordinary saver with the introduction, in June 1952, of the Series H Bond. Like the E, it was available only to individuals; paid the same interest rate, 3 percent; and had a maturity period of 9 years 8 months.

It was offered in denominations of \$500, \$1,000, \$5,000, and \$10,000, and had a purchase limit of \$20,000 annually. After six months it would be redeemable at full face value upon one month’s written notice, and it would pay interest on a sliding scale through semiannual interest checks mailed to the owner.

The peak sales year for H bonds would be 1955: \$1,177 million.

### **J and K Bonds Replace F and G Series**

Also in the spring of 1952, the F and G “investor” Savings Bonds were replaced by Series J and K bonds. In the 11 years since 1941 the sales volume of the F’s and G’s had totaled \$28,396 million.

The J and K Bonds would yield 2.76 percent interest, compared to 2.53 and 2.50 for the F’s and G’s. Also, the annual purchase limit was doubled, to \$200,000.

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The J bond was like the F except that it sold for 72 percent of maturity value (vs. 74 percent), and had an additional \$100,000 denomination. The K bond was identical to the G except for interest rate.

### **Special Promotions**

In the early 1950's several national promotions were carried on by groups which had been prominent since 1941 in their support of the bond program.

One of them, the National Cartoonists Society, sponsored a nationwide bond tour, ending with an exhibit at the Library of Congress, which recounted the long history of comic drawings in world culture and was titled "20,000 Years of Comics." The cartoonists—a group with one of the longest records of support through comic strips, panels, and editorial cartoons—also held two Presidential Savings Bonds Breakfasts in Washington, honoring (and inducting into their Society) President Truman in the early 50's and President Eisenhower in 1954.

In 1952 Mary Pickford, the film great of a generation past who, as "America's Sweetheart," had starred in Liberty Bond rallies 35 years before, made a national tour for Savings Bonds. This was under the sponsorship of the Women's National Advisory Committee for Savings Bonds, of which the wife of the President had traditionally been Honorary Chairman. (Starting in 1957, and for many years thereafter, the Women's Committee was also to sponsor the annual selection, and national tour, of a "Mrs. U.S. Savings Bonds," chosen from among the finalists of the Mrs. America contest.)

A less newsworthy, but solidly productive, activity was carried on during the 1950's under the sponsorship of the agricultural community, which had been active since 1941 in promoting bond sales to farmers. With the cooperation of the U.S. Department of Agriculture and all leading farm organizations, "The Farm Machinery Replacement Plan"—promoting regular investment in Savings Bonds

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as a dollar-for-dollar amortization fund for costly farm equipment—was one of the most successful postwar promotions.

In 1956 a novel promotion titled “Absolutely Indestructible” dramatized the unique protection afforded the owners of Savings Bonds—thanks to the fact of individual registration and the expert record-keeping service of the Bureau of the Public Debt. Through posters, exhibits, newspaper ads and publicity, the story was told in case-history style that whether lost, mutilated, destroyed, or stolen, a Savings Bond can always be replaced without cost to the owner.

Savings Bonds as gifts had always been a popular subject, especially at holiday time and in the June bride/graduation season. (For bond gifts to babies, Walt Disney had designed a special presentation certificate during the war, and cartoonist Al Capp contributed the “Shmoo Certificate,” featuring that far-out creature of his imagination.) To bring the gift promotion up to date, the Greeting Card Association created a series of all-occasion gift envelopes for the Savings Bonds Division which were continuously in use from the late 1950’s to the mid-1980’s.

### **Rate Increased—Market Expanded**

Thanks to record H Bond sales, 1955 had proven to be the peak post-war year thus far for combined E and H sales (\$5,368 million). Sales declined somewhat in 1956, and in 1957 dropped to \$4,507 million. With competition growing from other

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*Cartoonists have done a lot for Bonds.*

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forms of savings and investment, Congress passed legislation to raise the rate from 3 to 3 1/4 percent on both series—the maturity period of E Bonds being reduced to 8 years 11 months, H Bonds raised to an even 10 years.

At the same time (April 1957) the Treasury—recognizing an apparent lessening of the need, and demand, for the investor-type J and K Bonds—removed them from sale. In the five years they had been available, combined sales had totaled only \$3,556 million.

Their discontinuance, however, meant that certain groups such as fraternal organizations, trust funds, etc., would have fewer risk-free investment sources available to them. The Treasury accordingly decided to remove, effective Jan. 1, 1958, most of the limitations on ownership of E and H Bonds. Now they could be purchased not only by individuals but also by any organization or agency except commercial banks. (Personal trust estates had been made eligible in 1955).

### **Further Improvements: Rate and Extensions**

Competition in the thrift field continued to increase, and by mid-1959 it became apparent that E and H Bonds were losing ground. Again Congress was called upon to act: this time to remove the existing ceiling on Savings Bond interest, thus putting them in the same class as other types of Treasury securities (4-1/4 percent ceiling at that time).

Upon passage of the legislation, the Treasury raised the E and H rate to 3-3/4 percent, retroactive to June 1, 1959. The E Bond maturity period was reduced to 7 years 9 months. Moreover, for the first time in history, the interest increase was to apply not only to new bonds issued, but also to all outstanding bonds for their remaining period to maturity.

Simultaneously the Treasury announced its policy on the automatic extension privilege for E Bonds. Owners had first been granted a 10-year extension in

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March, 1951, on the earliest bonds issued. Now an additional group (those issued since May 1957), as well as all new bonds, would be covered; and bonds already in their first extension (1941-1949 issues) would receive a second extension. In all cases the rate offered on new bonds would also apply to outstanding bonds for their remaining period to (next) maturity.

### Exchange Privilege Announced

On Jan. 1, 1960, the Treasury announced another attractive benefit: the privilege of exchanging E Bonds (in multiples of \$500 or more) for current income H



*First Lady Mamie Eisenhower, right, helped to celebrate the 20th anniversary of the Savings Bonds program in 1955. With her, admiring a \$100 bond made of flowers, are Mrs. George Humphrey, wife of the Secretary of the Treasury, and Mrs. Mildred Ahlgren, who chaired the National Women's Committee for Savings Bonds.*



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Bonds—with continued deferment of tax liability on accrued E Bond interest until the H Bonds so acquired were redeemed or reached final maturity.

The privilege was also extended to F Bonds issued on or after Jan. 1, 1948; and J Bonds, if exchanged within six months after maturity. (When the earliest H Bonds began to mature, in 1962, they too would be granted an automatic extension privilege.)

The exchange privilege, E bonds for H's, opened up a new avenue of Savings Bonds promotion, and both volunteers and staff made the most of it. It related to retirement—the opportunity of accumulating E Bonds during working years, then exchanging them at retirement for H Bonds and guaranteed regular income (with even the portion which will eventually have to be paid out in Federal tax helping to swell the total “take”).

In December 1965 the Treasury again raised rates on E and H Bonds, this time to 4.15 percent. Again the increase would apply to all outstanding bonds, in addition to new ones, for their remaining periods to maturity.

### **Anniversaries Observed**

The volunteer nature of the Bond program—with substantial numbers of both individual and group volunteers having extended their World War II service long into the peacetime era—has made the celebration of anniversaries an especially appropriate form of public relations.

***The volunteer nature of the Bond program has made the celebration of anniversaries an especially appropriate form of public relations.***

In 1956, advertising and publicity was built around success stories of people who had built homes, sent children to college, or achieved other major goals with their bond savings. The theme: “15 Years of Making Dreams Come True.”

The 20th anniversary, in 1961, elaborated on the same idea, this time through monthly salutes in advertising, publicity,





and special events, to individual volunteer groups: bankers—industry—labor—educators, etc.

In 1966, the 25th anniversary of the E Bond would produce a complete package of volunteer nostalgia. One of its elements would be a salute to the broadcasting industry for the millions of promotional words (and musical notes) it had contributed to bond sales since 1941. An anniversary album containing historic radio bond performances by the stars would be presented to every station—first for broadcast, then for its archives.

The nation's 200th birthday in 1976 was to coincide with the 35th anniversary of the Bond program. A film—"An American Partnership"—and a year-long advertising/publicity series highlighting the role of citizen financing to the nation's growth—would dramatize the twin birthdays. The upbeat slogan: "200 Years at the Same Location."

In 1991, 50 years after the introduction of the Series E Bond, the Division launched a year-long golden anniversary campaign, centered around the theme, "Celebrate an American Tradition – 50 Years of U.S. Savings Bonds."

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*Banks have been an integral part of the Savings Bond program since 1941, and they have participated in the program's anniversaries.*

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## THE VOLUNTEER PROGRAM

**A**ll through the postwar years a formula had been sought for tapping the leadership potential of America's topmost business executives in support of the Payroll Savings Plan. Whatever the size of a company, management backing was the first requirement for staging a successful person-to-person signup campaign; but the larger the company, the more difficult it was to reach the top executive to make that all-important sale. Thus the need for outside influence, in the form of successful example and exhortation by leaders of his/her industry or geographic community.

***“When you have a big job to do, get a busy person to do it.”***

Many experiments had been tried, and one of the most noteworthy occurred in 1959, when Treasury Secretary Robert Anderson invited 300 top executives of leading American companies to a Washington meeting to discuss the importance of Savings Bonds to the Treasury's debt management operations. President Eisenhower joined the group to urge support of Payroll Savings by company heads, not only in their own firms but also in spreading their influence among associates.

The impact of the meeting was widespread, and was still being felt three years later when the new Secretary of the Treasury, Douglas Dillon, invited to Washington a smaller group of the same calibre of executives with an eye to forming a permanent organization of top business leaders to spearhead Payroll Savings campaigns in American industry.

Harold S. Geneen, Chairman and CEO of the International Telephone and Telegraph Corporation, accepted the chairmanship of the new group, to be called the U.S. Industrial Payroll Savings Committee. Its first campaign, staged in 1963, stimulated the largest enrollment of new payroll savers since World War II.

President John F. Kennedy met with the group in the Rose Garden of the White House on Nov. 5, 1963—17 days before his tragic death—to express the

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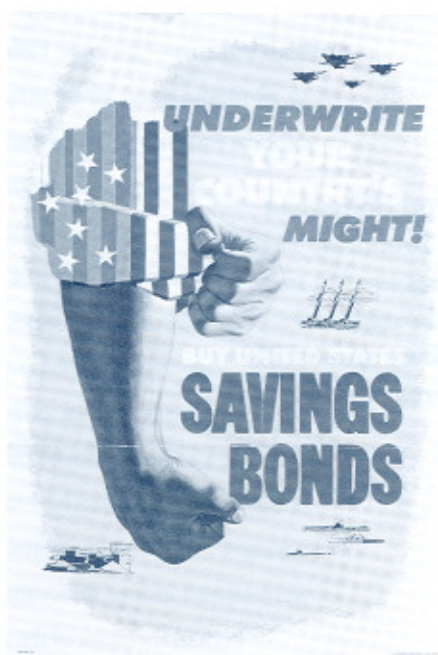
country's thanks. His brief message perfectly expressed the significance of the Committee's leadership: When you have a big job to do, get a busy person to do it.

Subsequent annual campaigns, under the leadership of 29 equally prominent national chairmen, have helped to establish new highs in Payroll Savings accomplishments. The Committee, which became the U.S. Savings Bonds Volunteer Committee in 1982, sponsors an annual savings bond campaign in major geographic areas and industries, each member being responsible for organizing and directing the drive in his/her area or industry. The work of the Committee is further extended by annual campaigns in some 80 middle-sized cities, the volunteer chairmen of which report results to the national Committee chairman.

#### **Flying High—Bonds and the Space Program**

America's space program, launched in the early 1960's, had an early—and logical—Savings Bonds tie-in. Most of the original Mercury astronauts were payroll savers, as were substantial numbers of their associates at NASA. Thus, testimonial "commercials" from them promoted bonds on radio and in print.

In the summer of 1962, through the generosity of industry, three replicas of the Mercury spacecraft were built for the bond program, mounted on flat-bed trucks loaned and equipped by other volunteer companies, and toured throughout the nation to become centerpieces of instant bond rallies in scores of cities. From Manhattan's Rockefeller Plaza to small town Main



*The Cold War produced some Cold War posters.*



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Streets and many places in between, Americans learned that their bond savings could help make possible their country's further adventures in space.

### **Buying Bonds Where They Worked—in Vietnam**

In the mid-1960's, an inspiring Payroll Savings achievement was taking place in Vietnam, where American military personnel were buying bonds at an impressive rate. At home their record was dramatized through ads and publicity carrying the challenge: "Buy Bonds Where You Work. *They Do.*" A Washington staff specialist went to Vietnam to film bond testimonials of typical servicemen on the line, for back-home TV.

Meanwhile Treasury Secretary Henry Fowler reached out to tap a volunteer from industry—James S. Fish of General Mills, Inc.—to organize and coordinate an all-media bond advertising campaign under Advertising Council auspices, to support America's servicemen. Top Hollywood and Broadway stars responded to the appeal by making special TV commercials.

***Top Hollywood and Broadway stars responded to the appeal by making special TV commercials.***

Local volunteer meetings were organized in cities throughout the nation at which—through a special closed-circuit telecast—community leaders would receive a personal appeal from Gen. William Westmoreland in Vietnam and a message from President Lyndon B. Johnson at the White House. In his talk, the President announced a new companion product, a savings note to be called "The Freedom Share," which would be sold only in combination with Savings Bonds. Freedom Shares went on sale May 1, 1967, paying 4.74 percent interest when held to maturity of four and one-half years. They were offered in four denominations: \$25, \$50, \$75, and \$100, face value.

Perhaps because of the mandatory tie-in and the complexity of the purchase, Freedom Shares enjoyed only a limited popularity. They were withdrawn from sale June 30, 1970, after having attracted \$862 million in sales.





### The End of U.S Savings Stamps

On the same date, June 30, 1970, the sale of U.S. Savings Stamps was discontinued, marking the end of one of the Bond program's most interesting (and promotable) features. Introduced as Defense (later War) Savings Stamps in 1941, they had been used extensively in retail promotions, newspaper carrier thrift plans, contests and giveaway programs and, in particular, the School Savings program. While still popular and useful long after the war ended, the need for Savings Stamps was gradually overbalanced by the steadily-rising costs of servicing the program, making its cancellation inevitable.

Among the many post-war promotions involving schools and Savings Stamps were films and activities featuring TV's "Lassie," "Leave It to Beaver," cartoon characters Rocky and Bullwinkle, and Hank Ketcham's comic-strip favorite, Dennis the Menace, as "The Junior Astronaut." Hopalong Cassidy was also involved, to give

*Savings Stamps were the Bond program's link to schools, with TV personalities like Lassie and Superman helping promotion. Here, Treasury Secretary and Mrs. Humphrey admire a new poster.*

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it a cowboy flavor—and the Lone Ranger on a borrowed “Silver,” galloped across the Washington Monument grounds to thrill a young audience and launch his own Savings Stamp Club.

### Films in the Savings Bonds Program

In the mid-1960’s the motion picture industry—prominent contributor to the Bond program since the beginning—collaborated in the making of “The Land We Love” a patriotic short subject tying in the nation’s history and beautiful geography with the Savings Bond tradition. Nationwide audiences—in theatres (including the Radio City Music Hall), at meetings, schools, bond rallies, and eventually even on television—admired the film and thoughtfully absorbed the bond tie-in.

This was one of a series of special films giving patriotic background to the sale of Savings Bonds. In the early post-war years Hollywood had given the Treasury such short subject classics as “America the Beautiful” and “The Power Behind the Nation.” In the Mid-1950’s the cast of TV’s “Father Knows Best” made “24 Hours in Tyrantland,” a patriotic story for community bond campaign audiences which won a Freedoms Foundation award. A Payroll Savings film starring William Bendix of “The Life of Riley”—and later an even more successful one with TV’s “The Odd Couple”—set the pattern for a long and still-continuing series of shows from leaders of the entertainment industry. Recent versions have included the casts of TV’s “The Golden Girls,” “Growing Pains,” and “Major Dad.”

**Share  
in  
Freedom**



U.S. Savings Bonds, new Freedom Shares

**Join the payroll  
savings plan**

*In the mid-60’s, a stylized eagle became the primary symbol of the Bond program.*

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In many instances the stars of the annual Payroll Savings films have also appeared in Washington at the kickoff rallies for Federal bond campaigns, and served as Honorary Campaign Chairmen.

And on television, film commercials created and produced by volunteer taskforce agencies of the Advertising Council won several industry awards for excellence—in addition to performing their primary function of selling bonds.

***“The Life of Riley” set the pattern for a long and still-continuing series of shows from leaders of the entertainment industry.***

### **Community Campaigns**

The truism that “all sales are local” has been an underlying principle of the Savings Bonds program. Since the war loan drives when sales quotas were established for every state, county, city, and farm, the tradition of community involvement in a local “Bond Drive” has been strong—even in the years when no special national campaign was being held.

County and city chairmen and other volunteers long ago discovered the logic and efficiency of having everything happen all at once—payroll savings campaigning by leading companies, bank customer mailings, advertising and publicity concentration in media, bond speakers at club meetings, school art contests—all in a given time period, using patriotism and community pride as co-equal sales appeals. Thus the late 1940s saw such community promotions as “Flag Cities”; the '50s and '60s, “Share in America” and “Freedom Bond Drives,” and '70s “Take Stock in America” campaigns in cities throughout the country.

Local chapters of many national organizations—fraternal, veterans, labor, professional, ethnic and others, including major women’s groups—frequently join in such campaigns by long-standing tradition. Even between campaigns their magazines and newsletters often carry Savings Bonds advertising and publicity.



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## CRITICAL YEARS: THE LATE 1970's, EARLY 1980's

**B**y the early 1970's the Savings Bonds program was in full stride. The U.S. Industrial Payroll Savings Committee was gaining in prestige and effectiveness year by year and sales were showing steady improvement, going over the \$6 billion mark in 1972 for the first time since 1945.

This was not without intensive effort, and not without rather frequent improvements in interest rate to meet growing competition in other savings and investment media. There had been an increase to 4.25 percent in June 1968, with the E Bond maturity being shortened to 7 years; further increases came in June 1969 (to 5.0 percent) and June 1970 (to 5.5 percent, with a 5 year 10 month

maturity). In December 1973 the rate went to 6.0 percent, term to maturity being shortened to an even 5 years. In all cases precedent was followed and the rate increase was applied to all outstanding E and H Bonds for their remaining period to maturity; and now the outstanding Freedom Shares were also included in the improvement for their remaining term.

Sales gains in fairly substantial amounts continued each year through 1977. A much smaller increase occurred in 1978, but sales nevertheless set another postwar record. In addition, the value of E and H Bonds outstanding set a new record, passing the \$80 billion mark (it had topped \$60 billion only five years before, and \$70 billion two years before).



*"Take Stock in America" was one of the program's most popular, and longest lived, slogans.*



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But this was to be the highwater mark. Rising interest rates in other savings media—and, equally significant, revolutionary new changes in savings/investment opportunities—made Savings Bonds a loser in 1979. Sales were down nearly a billion dollars, despite the fact of another interest rate increase, to 6.5 percent, in June of that year; and redemptions were up by more than a billion.

The most important factor, of course, was inflation—led by another dramatic jump in energy costs which had been triggered by the second Middle Eastern oil crisis of the decade—and the bad news for Savings Bonds had only just begun.

***Inflation, rising energy costs... and the bad news for Savings Bonds had only just begun.***

#### **E and H Bonds Withdrawn: EE and HH Bonds Introduced**

Meanwhile there was to be a significant new development: the phasing out of Series E and H Bonds and the substitution of two new products, the EE and the HH, occurring at the beginning of 1980. In the same connection, the Treasury announced that the oldest E Bonds outstanding—those issued beginning in 1941—would be granted no further extensions and would reach final maturity as of their 40th anniversary dates.

The new EE Bond, while generally patterned after the E, would have one major difference: it would sell at one-half of face value rather than three-fourths—thus, a \$50 bond selling at \$25, and maturing in 11 years rather than five. The interest rate would be 7.0 percent, compounded semiannually, when held to maturity.

The HH would be similar to the H except for a slight difference in the yield curve: semiannual interest payments would be based on a level 6.5 percent rate, except that an interest penalty would be applied against redemption value if redeemed prior to maturity (the penalty would apply only on bonds purchased for cash, not on exchanges).

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### A Slow Start... and a Continuing Decline

In addition to the already well defined marketing problems—rate competition, diversity of other savings/investment opportunities, and inflation—the Bond program encountered a new obstacle at the very outset of the EE sales campaign. This was the decision of many employers that a re-canvass of employees would be necessary before wages could be withheld for the new bond. The resultant delays, along with the failure of many previous participants to sign up again, cost many millions of dollars in sales and helped to accelerate the decline which had begun

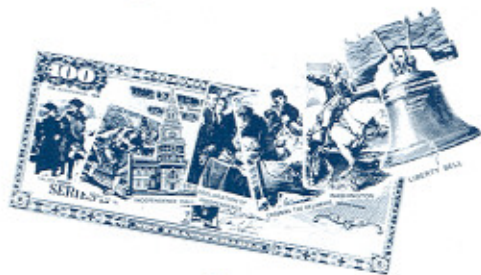
the year earlier. At the end of 1980 the volume outstanding was just over \$72 billion, a drop of more than \$8 billion from the peak reached two years before.

In November 1980 the interest rate had been raised to 8.0 percent, with the maturity period reduced to nine years. Again in May 1981 there was a rate increase, this time to 9.0 percent, with an eight-year maturity (in both instances HH Bonds would pay one-half percent less than the EEs).

These improvements, however, were to no avail. Sales continued to decline—and, while redemptions were slightly less than the year before, they were still enough to push the outstanding down another \$4.5 billion, to \$67.8 billion, at the close of 1981.

## Bicentennial Engravings Available

Through the Payroll Savings Plan



Buy  
U.S. Savings Bonds  
Take stock in America.

200 years at the same location.

*The tie-in with the Bicentennial  
was irresistible.*

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## A NEW BEGINNING: SAVINGS BONDS COME BACK

**I**t had now become obvious that neither the U.S. Savings Bond nor any other fixed-rate savings instrument could win out in competition with the many wide-ranging market-based investment opportunities available elsewhere, especially while inflation continued unabated. Accordingly, legislation was sought in 1982 to permit the Treasury to change the formula for paying interest.

The result was a new law freeing the Treasury to adjust the Savings Bonds rate in accordance with market conditions. Specifically it permits the Series EE Bond, when held at least five years, to yield 85 percent of the 5-year rate on Treasury marketables (a composite of market rates on notes and bonds having five years remaining to maturity). The rate is adjusted every six months to reflect the average amount paid on these securities over the previous half-year period. (HH Bonds were not involved in the change; they would continue paying interest at a fixed rate.)

As an important extra feature, an interest rate “floor” is provided to protect the EE Bond saver against unforeseen declines in the market. In addition, future earnings on outstanding EE Bonds—as well as E Bonds and Freedom Shares still earning interest—are based on the variable rate formula when they are held five years beyond the effective date of the new legislation.

On Nov. 1, 1982, the new market-based formula went into effect on Series EE Bonds, offering an annual percentage rate of 11.09 for the following six-month period. The rate “floor” was established at 7.5 percent.

Simultaneously with the introduction of the variable rate on EE Bonds, the cash sale of Series HH Bonds was discontinued. Thereafter HH Bonds were available only as an exchange instrument.

***New legislation frees the Treasury to adjust the Savings Bonds rate in accordance with market conditions.***



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### Sales Begin Comeback

As a result of the changes, sales started inching back during the final two months of 1982, and the year finished slightly ahead of 1981. In 1983 the improvement was more pronounced for both sales and redemptions, and the total outstanding climbed by more than \$3 billion. The 1984 results were similar, making it appear that the variable-rate interest formula was the proper answer to a long-apparent marketing problem. And indeed it was, as sales continued to rise steadily throughout the rest of the decade, except for an artificially high sales total of \$11.89 billion in 1986 — caused by buyers' anticipation of the Treasury's decision to lower the guaranteed minimum rate to 6% which occurred in November 1986. The decade concluded with sales averaging over \$7.6 billion per year. The value of Savings Bonds held by Americans also rose from \$70.56 billion in 1983 to an all-time record of \$123.91 billion in September, 1990.

In order to accommodate the marketing needs that arose with the introduction of the market-based rate program, the Savings Bonds Division broke from the auspices of the Advertising Council in 1984 and for the first time contracted directly with a private advertising firm.

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*The Series EE Bond was introduced on January 2, 1980. It marked the beginning of the end for the Series E Bond.*





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### **Volunteer Structure Revamped**

Since the beginning, as noted many times previously, volunteers have been key to the success of the U.S. Savings Bonds program, and this will surely continue. As the origins of the program recede into the distance, however, structure and tradition have become less important than the practical day-by-day activities which can be monitored and used to best advantage by a constantly-dwindling field sales organization.

Accordingly, starting in 1982, the Division moved to streamline the volunteer structure by consolidating as much as possible of its varied responsibility under the mantle of the "U.S. Savings Bonds Volunteer Committee." The new committee encompassed the highest-level volunteers — chief executives, mayors and county executives, university presidents — but was only the tip of the volunteer iceberg. Tens of thousands of volunteers — at state and local levels, in unions and national organizations, in payroll settings and financial institutions — continue to commit their time and energies to the Bond program each year.

***Although Savings Bonds were sold in many different places over the years, the local bank had become the traditional issuing site.***

### **Late 80's Changes**

Although Savings Bonds were sold in many different places over the years, the local bank had become the traditional issuing site. There, Bond buyers could buy Bonds while taking care of their other banking transactions. The 1980's brought both automation and cost-cutting, changing many of the traditional ways banks did business. Savings Bonds were affected by both — automation leading to better issuance and record-keeping procedures, and cost-cutting leading to centralization of issue functions at the home-office level within many of the larger banking institutions. At the same time, mergers within the banking industry and tighter Treasury controls over Bond stock

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led to a deterioration in the traditional level of service Bond buyers had come to expect.

Toward the end of the decade, in part to bring a degree of uniformity to agent service levels, the Treasury began a test of what would become the Regional Delivery System (RDS). RDS centralized all issue functions at Federal Reserve Banks (FRBs). Local agents continued to accept applications and payment for Bonds, but no longer had to maintain Bond stock — instead forwarding applications to the FRBs, which issued the Bonds and returned them to the applicant or designated owner.

The test, originally confined to Ohio, was a success. Financial institutions found much to like in the new system, and customers made the adjustment of having to wait to receive their Bonds with minimal complaint. As 1991 began, more than half the states were participating in RDS, with the remainder to be phased in by 1993.

Another change in the Bond Program was made in January 1990, reflecting the needs of the Bond buyer. Recognizing the growing importance of a college education at the same time that tuition and fees at institutions of higher learning were escalating, Congress passed legislation designed to make it easier for Americans to save for post-secondary education. Seizing on the U.S. Savings Bond as its

## **NEW VARIABLE RATE US SAVINGS BONDS**



*The changing marketplace changed the Savings Bond – rates that floated with the market brought Savings Bonds bobbing back.*

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vehicle, Congress created the so-called "Education Savings Bond." Under this program, Series EE Bonds purchased by qualified taxpayers on or after January 1, 1990, are tax-free if used to pay tuition and fees at eligible educational institutions. The tax benefit occurs in the year the Bonds are redeemed. Certain registration and income limitations apply.

Yet another change was announced in July 1989, this one designed to simplify the final maturities of Bonds for bondowners. The change was to put the final maturities of Savings Bonds and Notes on a "40-30-20" schedule. Extensions were announced that rounded the final maturities of E Bonds to the next higher ten-year point, so that all E Bonds issued through November 1965 reached final maturity after 40 years and those issued from December 1965 reached final maturity after 30 years. (Savings Notes were also extended to a 30-year life). EE Bonds were granted their first extensions, lengthening their interest-bearing lives to 30 years, while HH Bonds were granted one 10-year extension, bringing their lives to 20 years. The standardization of the interest-bearing life of an EE Bond led the Treasury to add a notice of the final maturity to the face of new EE issues.

***Seizing on the U.S. Savings Bond as its vehicle, Congress created the so-called "Education Savings Bond" ...tax-free if used to pay tuition and fees at eligible educational institutions.***

### **A Closing Word**

Near the end of Part 1 of this History appears a short paragraph headed "Accomplishments," reporting total sales of U.S. government securities from May 1941 through calendar 1945; the portion thereof representing Defense/War Savings Bonds, and the Series E share of that total.

Now, in the program's 50th year, a perhaps more meaningful statement of achievement may be made: not so much in terms of sales as of the program's contribution to a financially-stronger America.



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Based on the most recent information available, the Bond program continues to prove its—

**Economy:** only 1.9 percent of program costs goes for administration; the remaining 98.1 percent is interest paid to bond-owners.

**Efficiency:** a dollar in Savings Bonds remains outstanding an average of 10 years 6 months; marketable securities average 6 years 1 month.

**Savings on the debt:** it is estimated that for every \$1 billion worth of Savings Bonds sold the Treasury Department saves some \$70 million in debt servicing costs; interest on the \$7.8 billion of Savings Bonds sold in fiscal year 1990 would have

cost the Treasury an additional \$500 million if that money had to be raised on the open market.

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*U.S. Savings Bonds...  
The Great American Investment!*

**Service to the public:** 28 percent of all American families own Savings bonds; 7.2 million workers buy them regularly through the Payroll Savings Plan; the Plan is offered in more than 40,000 employment locations.

In all of this, the hand of the volunteer is clearly seen. Not without reason did the program's founders choose the Minute Man of Concord as its symbol. And when in launching it FDR called for "one great partnership" between America and Americans, this surely could have been what he had in mind.

***Not without reason  
did the program's  
founders choose the  
Minute Man of Concord  
as its symbol.***



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## APPENDIX I

### LEADERSHIP OF THE U.S. SAVINGS BONDS PROGRAM

#### Secretaries of the Treasury

1933-1945	Henry J. Morgenthau, Jr.	1969-1971	David M. Kennedy
1945-1946	Fred M. Vinson	1971-1972	John B. Connally
1946-1953	John W. Snyder	1972-1974	George P. Shultz
1953-1957	George M. Humphrey	1974-1977	William E. Simon
1957-1961	Robert B. Anderson	1977-1979	W. M. Blumenthal
1961-1965	C. Douglas Dillon	1979-1981	G. William Miller
1965-1968	Henry H. Fowler	1981-1985	Donald T. Regan
1968-1969	Joseph W. Barr	1985-1988	James A. Baker III
		1988-	Nicholas F. Brady

#### National Directors

1935-1941	Eugene W. Sloan (Division of Savings Bonds)	1967-1969	Glen R. Johnson
1941-1943	Harold R. Graves (Defense/War Savings Staff)	1969-1972	Elmer L. Rustad
1943-1945	Theodore R. Gamble (War Finance Division)	1972-1974	Jesse L. Adams (Acting)
1946-1953	Vernon L. Clark (U.S. Savings Bonds Division)	1974-1977	Francine I. Neff (Treasurer of the U.S.)
1953-1956	Earl O. Shreve	1977-1981	Azie T. Morton (Treasurer of the U.S.)
1956-1957	John R. Buckley	1981-1983	Angela M. Buchanan (Treasurer of the U.S.)
1958-1959	James F. Stiles	1983-1989	Katherine D. Ortega (Treasurer of the U.S.)
1960-1966	William H. Neal	1990-	Catalina V. Villalpando (Treasurer of the U.S.)

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**APPENDIX II**  
**NATIONAL U.S. SAVINGS BONDS CAMPAIGN CHAIRMEN**

<b>Year</b>	<b>Company</b>	<b>CEO</b>
1963	International Telephone and Telegraph Corp.	Harold S. Geneen
1964	Kennecott Copper Corp.	Frank R. Milliken
1965	Radio Corporation of America	Dr. Elmer Engstrom
1966	Chrysler Corporation	Lynn A. Townsend
1967	Lockheed Aircraft Corp.	Daniel J. Haughton
1968	United Aircraft Corp.	William P. Gwinn
1969	General Motors Corp.	James M. Roche
1970	Sears, Roebuck and Co.	Gordon Metcalf
1971	Gulf Oil Corporation	B. R. Dorsey
1972	Prudential Insurance Co.	Donald MacNaughton
1973	J. C. Penney Company, Inc.	William M. Batten
1974	American Telephone and Telegraph Co.	John D. deButts
1975	Manufacturers Hanover Trust Company	Gabriel Hauge
1976	National Steel Corp.	George A. Stinson
1977	Textron Inc.	G. William Miller
1978	The Goodyear Tire and Rubber Company	Charles J. Pilliod, Jr.
1979	Standard Oil Company of California	Harold J. Haynes
1980	General Mills	E. Robert Kinney
1981	American Cyanamid	James G. Affleck
1982	Consolidated Foods Corp.	John H. Bryan, Jr.
1983	American Express Company	James D. Robinson III
1984	General Motors Corporation	Roger B. Smith
1985	Borg-Warner Corporation	James F. Beré
1986	The Goodyear Tire & Rubber Co.	Robert E. Mercer
1987	Metropolitan Life Insurance Company	John J. Creedon
1988	Manufacturers Hanover Corporation	John F. McGillicuddy
1989	BellSouth Corporation	John L. Clendenin
1990	3M Company	Allen F. Jacobson
1991	Allied-Signal Inc.	Edward L. Hennessy, Jr.

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**APPENDIX III**  
**U.S. SAVINGS BONDS SALES, 1941-1989**  
(in Millions of Dollars)

SALES (At Issue Price)

Calendar Years <sup>1</sup>	Series E	Series H	Series E & H	Series F	Series G	Series J	Series K	Series E - K
1941	1,145		1,145	208	1,185			2,537
1942	5,989		5,989	652	2,516			9,157
1943	10,344		10,344	745	2,640			13,729
1944	12,380		12,380	773	2,891			16,044
1945	9,822		9,822	595	2,520			12,937
1946	4,466		4,466	325	2,637			7,427
1947	4,085		4,085	342	2,267			6,694
1948	4,224		4,224	498	2,573			7,295
1949	4,208		4,208	233	1,392			5,833
1950	3,668		3,668	417	1,990			6,074
1951	3,190		3,190	124	646			3,961
1952	3,393	182	3,575	46	181	83	277	4,161
1953	3,906	462	4,369	*	*	128	304	4,800
1954	4,023	866	4,889	*		325	959	6,173
1955	4,192	1,177	5,368	*		247	661	6,276
1956	4,142	901	5,043			153	322	5,517
1957	3,875	631	4,507			38	60	4,605
1958	3,802	887	4,689			*		4,689
1959	3,598	722	4,320					4,320
1960	3,632	718	4,350					4,350
1961	3,711	828	4,539					4,539
1962	3,624	654	4,278					4,278
1963	4,185	575	4,760					4,760
1964	4,132	477	4,609					4,609
1965	4,092	394	4,486					4,486
1966	4,450	410	4,860					4,860
1967	4,574	324	4,898					4,898
1968	4,452	244	4,696					4,696

## APPENDIX III, CONTINUED

SALES (At Issue Price)

Calendar Years <sup>1</sup>	Series E	Series H	Series E & H	Series F	Series G	Series J	Series K	Series E - K
1969	4,221	172	4,393					4,393
1970	4,503	162	4,665					4,665
1971	5,218	259	5,477					5,477
1972	5,922	314	6,236					6,236
1973	5,988	280	6,268					6,268
1974	6,524	338	6,962					6,862
1975	6,729	309	7,038					7,038
1976	7,245	310	7,555					7,555
1977	7,638	316	7,954					7,954
1978**	7,718	240	7,959					7,959
1979	6,783	206	6,988					6,988
1980	4,028	96	4,124					4,124
1981	3,256	79	3,335					3,335
1982	3,182	77	3,259					3,259
1983	3,926	-29	3,897					3,897
1984	3,988	26	4,014					4,014
1985	5,444	-2	5,441					5,441
1986	11,888	21	11,909					11,909
1987	7,022	40	7,062					7,062
1988	7,407	-56	7,350					7,350
1989	7,644	-35	7,609					7,609
<b>Total</b>	<b>257,569</b>	<b>13,578</b>	<b>271,145</b>					<b>303,096</b>

<sup>1</sup>EE Bonds went on sale January 2, 1980. HH Bonds went on sale January 2, 1980; cash purchase discontinued October 31, 1982, figures reported thereafter are adjustments.

E Bonds on sale from May 1941 through June 30, 1980, began to mature in May 1981.

H Bonds on sale from June 1952 through December 31, 1979, began to mature in February 1982. F & G sold from May 1941 through April 1952, matured from May 1953 through April 1964.

J & K sold from May 1952 through April 1957, matured from May 1964 through April 1969.

Sales of Freedom Shares (Savings Notes sold to E Bond buyers from May 1967 through June 1970) totaled \$862 million, and through Calendar Year 1983 \$974 million (including interest) has been paid out.

\*Less than \$500,000

\*\*Calendar Year sales of Series E-H exceeded sales of all Bonds since 1945's Calendar Year sales of \$12,937 million.

**APPENDIX IV**  
**U.S. SAVINGS BONDS REDEMPTIONS, 1941-1989**  
(in Millions of Dollars)

REDEMPTIONS (At Current Redemption Value – Includes Retirement of Matured Bonds)

Calendar Years <sup>1</sup>	Series E	Series H	Series E & H	Series F	Series G	Series J	Series K	Series E - K
1941	11		11	*	2			14
1942	209		209	7	29			246
1943	1,380		1,380	35	89			1,504
1944	3,005		3,005	77	181			3,262
1945	4,963		4,963	106	264			5,332
1946	5,423		5,423	189	426			6,038
1947	3,930		3,930	203	512			4,645
1948	3,728		3,728	222	618			4,568
1949	3,448		3,448	202	613			4,263
1950	3,912		3,912	223	682			4,817
1951	4,036		4,036	259	834			5,129
1952	4,098	*	4,098	190	739	*	*	5,027
1953	4,141	16	4,157	319	1,626	7	16	6,125
1954	4,406	38	4,444	485	2,008	13	21	6,971
1955	4,572	79	4,652	525	2,009	46	56	7,289
1956	4,689	143	4,832	710	2,492	78	143	8,255
1957	5,220	248	5,469	722	2,980	127	325	9,622
1958	4,658	198	4,856	305	1,916	49	124	7,250
1959	5,225	294	5,519	485	2,368	104	290	8,766
1960	4,729	267	4,996	304	1,122	94	211	6,728
1961	4,249	235	4,484	177	821	34	76	5,592
1962	4,349	287	4,636	191	648	35	89	5,599
1963	4,229	328	4,557	84	270	34	74	5,019
1964	4,425	416	4,841	43	105	70	192	5,251
1965	4,650	467	5,117	4	21	96	203	5,440
1966	4,913	564	5,477	3	13	144	362	5,998
1967	4,941	497	5,439	3	8	113	229	5,792
1968	5,300	615	5,915	2	7	81	129	6,133



## APPENDIX IV, CONTINUED

REDEMPTIONS (At Current Redemption Value – Includes Retirement of Matured Bonds)

Calendar Years <sup>1</sup>	Series E	Series H	Series E & H	Series F	Series G	Series J	Series K	Series E - K
1969	5,835	730	6,565	1	5	29	38	6,639
1970	5,626	655	6,281	1	4	6	2	6,294
1971	4,871	366	5,237	*	3	3	1	5,244
1972	5,007	353	5,359	1	2	2	*	5,365
1973	5,740	465	6,206	*	3	1	*	6,211
1974	6,318	506	6,824	1	2	1	*	6,829
1975	5,886	404	6,290	*	*	*	*	6,291
1976	6,336	427	6,762	*	1	*	*	6,763
1977	6,686	428	7,114	-6	1	*	*	7,110
1978	7,645	550	8,195	1	1	*	*	8,197
1979	11,367	949	12,306	1	1	*	*	12,308
1980	14,346	1,201	15,547	1	1	*	*	15,549
1981	11,049	956	12,005	*	1	*	*	12,006
1982	7,436	578	8,014	*	1	*	*	8,016
1983	5,405	462	5,868	*	*	*	*	5,870
1984	5,670	548	6,218	*	*	*	*	6,218
1985	5,015	465	5,480	*	*	*	*	5,480
1986	4,732	371	5,103	*	*	*	*	5,103
1987	4,793	368	5,161	*	1	*	*	5,162
1988	5,728	488	6,216	*	*	*	*	6,216
1989	6,630	588	7,218	*	*	*	*	7,218
<b>Total</b>	<b>254,957</b>	<b>16,551</b>	<b>271,509</b>	<b>6,083</b>	<b>23,435</b>	<b>1,170</b>	<b>2,583</b>	<b>304,779</b>

<sup>1</sup>H sales F and J Redemptions include \$61 million exchanges of F and J into H, January 1960 thru October 1969; however, they exclude \$2,894 million E Bonds and \$1 million Freedom Shares exchanged for H's. F and G Redemptions include exchanges of U.S. marketable securities as follows: In May to December 1953, \$417 million; in calendar year 1960, \$745 million; in 1961, \$147 million; in 1962, \$320 million; and in calendar year 1963, \$75 million.

H & HH Bond sales and F & J Bonds and Savings Notes redemptions include \$77 million exchange of F & J Bonds and Savings Notes for H & HH Bonds, January 1960 to date; however, they exclude \$7,991 million E & EE Bonds exchanged for H & HH Bonds.

\* Less than \$500,000.

Due to rounding, figures may not add to totals.

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**APPENDIX V**  
**SALES, REDEMPTIONS AND RETENTION OF**  
**U.S. SAVINGS BONDS AND SAVINGS NOTES**

Year	Sales (in millions of dollars)	Redemptions (in millions of dollars)	Holdings (in billions of dollars)	Percent Of The Privately Held Portion Of The Public Debt
1935 thru*	3,949*	5,002*	2.8	6.80
1941	2,537	14	5.3	10.10
1942	9,157	246	13.4	14.26
1943	13,729	1,504	24.7	17.44
1944	16,044	3,263	36.2	18.89
1945	12,937	5,332	42.9	18.87
1946	7,427	6,038	44.2	21.24
1947	6,694	4,645	46.2	23.09
1948	7,295	4,568	47.8	24.86
1949	5,833	4,263	49.3	24.79
1950	6,074	4,817	49.6	25.22
1951	3,961	5,129	49.1	25.39
1952	4,161	5,027	49.1	24.95
1953	4,800	6,125	49.4	24.58
1954	6,173	6,971	49.9	24.44
1955	6,276	7,289	50.3	24.62
1956	5,517	8,255	50.1	25.13
1957	4,605	9,622	48.2	24.44
1958	4,689	7,250	47.7	23.42
1959	4,320	8,766	45.9	21.79
1960	4,350	6,728	45.7	22.02
1961	4,539	5,592	46.4	21.86
1962	4,278	5,599	47.0	21.74
1963	4,760	5,019	48.2	22.19
1964	4,609	5,251	49.1	22.43
1965	4,486	5,440	49.7	22.92

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## APPENDIX V, CONTINUED

Year	Sales (in millions of dollars)	Redemptions (in millions of dollars)	Holdings (in billions of dollars)	Percent Of The Privately Held Portion Of The Public Debt
1966	4,860	5,998	50.3	23.34
1967	4,898	5,792	51.7	23.55
1968	4,696	6,133	52.7	23.25
1969	4,393	6,639	52.9	23.92
1970	4,665	6,292	53.2	23.22
1971	5,477	5,244	55.5	22.46
1972	6,236	5,365	58.7	22.43
1973	6,268	6,211	61.3	23.50
1974	6,862	6,829	64.3	23.73
1975	7,038	6,291	68.3	19.55
1976	7,555	6,763	72.3	17.66
1977	7,954	7,110	77.0	16.69
1978	7,959	8,197	80.9	15.91
1979	6,988	12,308	79.9	14.78
1980	4,124	15,549	72.5	11.76
1981	3,335	12,006	68.2	9.82
1982	3,259	8,016	68.3	8.05
1983	3,897	5,870	71.5	6.99
1984	3,988	6,224	74.5	6.14
1985	5,444	5,494	79.8	5.63
1986	11,888	5,115	92.3	5.76
1987	7,022	5,172	101.1	5.84
1988	7,407	6,228	109.6	5.90
1989	7,644	7,233	117.7	5.84
<b>Total</b>	<b>307,053</b>	<b>309,850</b>		

\*Total A-D bond sales, March 1935 through April 1941 and redemptions from inception through December 1990.

