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Liberty Bonds and War Savings Stamps: Financing the War to End All Wars

by Vicki Betts

For your boy and my boy and all of those out there
Let's get together 'till they come back home and do our share.
Every Bond that we are buying will help the boys to cross the Rhine.
Buy Bonds, Buy Bonds—For your boy and mine.

As the United States entered World War I, it became apparent that the nation would not be able to rely only on its usual excise taxes and customs duties, nor the recently expanded income and estate taxes. Secretary of the Treasury William Gibbs McAdoo turned to the Civil War for inspiration and there found Jay Cooke's successful bond sales as well as Secretary of the Treasury Samuel Chase's failure to appeal directly to the people for financial support of the government. According to McAdoo, “Chase did not attempt to capitalize the emotion of the people, yet it was there and he might have put it to work.” Three weeks after the Declaration of War, McAdoo announced a plan to borrow additional funds directly from the American people in the form of bonds, not necessarily on a commercial basis, but as an expression of patriotism. They became known as Liberty Loans, and, after the Armistice, the Victory Loan. Organizers pulled on the heartstrings of Smith County people. From business owners to mothers and children, from Cotton Belt shopmen to rural sharecroppers, organizers orchestrated a campaign that ultimately raised amazing amounts of money to support “our boys over there” and to defeat the Kaiser.

The first Liberty Loan was passed on April 24, 1917. It authorized issuing $5 billion worth of bonds at 3½ percent interest, and, on May 2 McAdoo appealed to the public to subscribe. The Tyler Daily Courier-Times barely took notice. It ran a very brief Associated Press article on May 3, and the next day two of the three city banks--Citizens National Bank and Guaranty State Bank--announced that they had purchased a total of $95,000 worth of bonds. The banks also announced that individuals were invited to buy them. However, no personal investors were mentioned and nationwide the bonds were mostly bought by banks and large investors. On September 27, Guaranty State Bank received the first shipment of Liberty Loan bonds to arrive in Tyler. The bank urged customers to come in and pick up their brown, orange, blue, and green printed bonds.

As war expenditures rose and funds from the First Liberty Loan were spent, Treasury Secretary McAdoo announced a Second Liberty Loan campaign to begin on October 1. Congress approved over $7.5 billion in new bonds as well as the issuance of $3 billion of the first loan not previously released, at 4 percent interest. This time the bond was aimed at middle income people, and Smith County received a quota of $300,000.
of bonds, or $6.14 per person. That is $111.31 per person in 2017 dollars.4

Tyler High School students met on October 18 to start raising funds toward a $100 bond, with a suggested contribution of thirty-five cents per student. Bonner and Gary Schools each worked toward a $50 bond. “Our pupils feel that if their brothers and other friends can sacrifice their time and possibly their lives in the service of their country,” school officials announced, “they can afford to make any sacrifice necessary to help the government in the sale of the bonds.” Children worked for their contributions stacking cord wood, picking cotton or peas, cleaning brick, digging flower pits, or serving ice cream on school grounds. Soon the Gary School children had oversubscribed their loan, and, eventually, the county did as well.5

The next major fundraising campaign was focused on lower-income groups, so the Treasury issued War Savings Certificates in denominations as low as five dollars which sold for $4.12, redeemable in five years. Besides raising money, the certificates were to “greatly encourage thrift and economy” (surely a good Progressive ideal) as well as so that “every man, woman, and child, however small their means, may be given an opportunity to assist the Government in the financing of the War.” Smith County initiated its campaign with a mass meeting in the district courtroom on January 28, 1918, with many citizens turned away due to lack of space. J. W. Fitzgerald organized the meeting, with the main speaker, Louis Lipsitz, formerly of Tyler, explaining the importance of the $900,000 goal (over $15.7 million maturity value in 2017 dollars). Residents could buy the smaller twenty-five cent thrift stamps from banks, post offices, and rural mail carriers. A coupon book of sixteen thrift stamps, with thirteen cents, could be exchanged for a war savings stamp, or a “baby bond”.6

Once again, the students of Tyler High School led the way. On January 31, the students and teachers purchased 300 twenty-five cent thrift stamps and 55 five dollar war certificates, and the name of each thrift stamp investor was listed in the newspaper. They were followed by the students of Marsh School, with each name printed. In February leading Tyler women, Mrs. R. H. Brown, Mrs. Thel Williams, Mrs. C. K. Abbott, and Mrs. Gus Taylor, organized the city for a house to house canvass. Birdie (Mrs. Cone) Johnson, woman’s suffrage leader, headed the county Women’s War Savings Campaign and visited rural communities along with Mrs. F. A. Glenn. Those who were able to contribute, but did not, were noted.

We expect to create and maintain such a concrete and efficient organization that every man, woman and child in Smith County will be known to the organization and we will make it so warm for the “Slackers” that they will either come in or get out, and by that is meant that public opinion will be so moulded [sic] that the ones able but refusing will be held up and viewed by the general public just as disloyal as those boys who refused to register on June 5th.7

The Tyler Daily Courier-Times kept up the pressure and announced the formation of the Winona Women’s War Savings Society, a Boys’ and Girls’ Savings Stamp Association at Whitehouse School, and a Troup War Savings Association. It also noted meetings at Lee Springs and Bethlehem as well as a detailed account of the organization of ten savings organizations at Texas College. G. A. Weems, a well-known African American barber, bought the maximum amount allowed per person, $1,000 through the bank and $1,000 through the post office (half for his brother at Bishop College), the equivalent of almost $35,000, maturity value, in May 2017 dollars.8
On March 14, with the goal still unmet, J. W. Fitzgerald published “A Call to Women—Smith County’s Womanhood Called Upon to Do a Work Which the Men Have Failed to Do.” He challenged every “factory, store, office, shop, school, church, club, and lodge” to organize a War Stamp Savings Society. [We] must SAVE, SAVE, SAVE, or we will go bankrupt.” Each organization had to have at least ten members of any age who would sign the pledge to economize in 1918 and invest the savings in war savings stamps. By the end of March, over 150 societies had been organized in Smith County, and of those 73 were outside Tyler. Tyler High now had fourteen thrift clubs with names like “No Slackers,” “Anti Barbarian Thrift Society,” “Uncle Sam’s Life Savers,” and “Kaiser Kanning Club.” Gary School had seven clubs, including the “German Eye Blackers” and the “Patriotic Penny Pinchers.” Rural communities often sponsored an adult club and one or two school clubs, usually called “Blues” and “Reds.” African-American societies organized at New Hope, Bethlehem, East Baptist Texas Academy (later named Butler College), and Lee Springs School, as well as Texas College.9

However, the goal of $900,000 was still not achieved, so city manager Clay Hight set Wednesday, May 1, as a War Savings Stamps celebration day. The parade around the square began at 11 led by the Cotton Belt band and followed by floats, organizations, and hundreds of school children. Pine Springs and Lofton schools won first place for bond and stamp sales among the white schools, and Lee Springs among the African-American schools. Lindale added more than fifty automobiles to the parade and Bullard thirty-six, one bearing the banner “Bullard’s Honor Flag Won in Eight Hours.” Anne Morris was crowned May Queen and four May pole dances added to the celebration. Dr. Maurice Faber, rabbi at Temple Beth El, introduced Rev. Mr. Slayter, Presbyterian minister from Dallas, and Capt. Bessle, British Army, who addressed the crowd of 8,000 to 10,000 from the north side of the courthouse. It was noted as “one of the biggest events in the history of Smith County.” It took another patriotic celebration the next month, but by June 29 Smith County had gone “over the top” in raising over one million dollars in war savings stamps, with every ward and precinct exceeding their quota except for Grange Hall just south of Tyler.10

What made this all the more remarkable was that while the war savings stamp campaign was at its height, the Third Liberty Loan was announced on April 6. The government issued $3 billion of bonds at 4½ percent interest, and Smith County’s quota was $500,000, equivalent to over $8.6 million in 2017. The first day sales at Tyler banks totaled $104,500. Tyler Commercial College hosted prominent speakers, including Marie Van Gastel, a Belgian Red Cross nurse. The April 12 issue of the Tyler Daily Courier-Times ran large illustrated Liberty Bond advertisements, most probably supplied by the federal government’s Committee on Information. The Tyler paper simply added the name of the sponsoring local business or institution. Another parade, a mile and a half long, marched around the square with the Cotton Belt band and the Brundage Carnival Band, city and county officials, organizations, students, decorated automobiles, and floats. “Four Minute Men,” speakers timed for the four minutes it took to change motion picture reels, presented the cause of supporting the war in theaters and in rural communities. Names and amounts purchased filled long columns in the newspaper. The first bank to reach its quota was Citizens State Bank of Bullard, which received an honor flag. An exhibit train for the Third Liberty Loan, with speakers, a car with war trophies, and two flat cars with “instruments of war”...
including a French 75mm gun showing heavy use, visited first Troup and then Tyler, with students dismissed from school for the rest of the morning to attend the presentation. By the last day of sales at the end of April the county had gone 30 percent above the target amount.

The kick-off for the “Fighting Fourth” Liberty Loan was announced on September 27, 1918, with the 9 a.m. sounding of every steam whistle and fire bell in Tyler. Smith County’s quota this time was $545,600, equivalent to over $8.5 million in 2017, and the bonds would earn 4½ percent interest. A. F. Sledge of the Moore Grocery Company headed the campaign, planning another huge parade around the square coinciding with the opening of the East Texas Fair on October 1. The Tyler newspaper estimated that 4,500 students, from early grades through Tyler Commercial College and Texas College, took part, as well as the Red Cross, Cotton Belt employees, various floats representing Allied nations, and the Syrian Division, organized by Dave Korkmas and William Haddad. Although they participated in the October 1 parade, two days later African-American citizens presented a parade of their own, a half mile long. Fifty Red Cross nurses, several hundred school children, a float with women working sewing machines and others serving meals illustrating the industrial work taught at Texas College and East Texas Baptist Academy, and farmers with wagons displaying crops highlighted the celebration.

Arkie (Mrs. I. H.) Crutcher published a call “To All Patriotic Women” challenging Tyler women to sacrifice “some article of clothing, food, amusement or other things” in order to buy a Liberty Bond to save sons, husbands, brothers, and sweethearts, and to defeat “the arch-murderer of Germany and his co-assassins, who are drunk with the blood and honor of defenseless women and innocent children.” Flyers from Barron Field, Fort Worth, under the command of Lieut. Edwin McKenna of Tyler, gave exhibitions over the fairgrounds. Again, the newspaper published stirring illustrated appeals probably created by the Bureau of Information and sponsored by local businesses. It took only a few days for the Tyler newspaper to be able to announce “Smith County ‘Over the Top’ on Fourth Liberty Loan Quota.”

Although the armistice was declared on November 11, 1918, war debts remained and continued to grow as American soldiers occupied areas of Europe. The Department of the Treasury decided on one last bond to be called the Victory Loan, which opened in April 1919. A. F. Sledge again headed the Smith County campaign to raise a quota of $450,300, equivalent to over $6.6 million in 2017 dollars. The two Tyler motion picture theatres, the Electric Palace and the Queen, each gave a day of free showings of a film depicting scenes from the battlefield. One last loan parade, headed by the Cotton Belt band and including Confederate veterans, Boy Scouts, Red Cross (both black and white, but marching separately), the YWCA, the Syrian Division, Phillips University (a short term name change for Texas College), East Texas Baptist Academy, numerous school children, and several companies of soldiers, “both white and colored,” some with wound stripes, marched around the square. Fundraisers found it more difficult to convince Smith County citizens to purchase bonds now that the war was over and the men were beginning to come home. Arkie Crutcher presented “V” loan medals made from captured cannons, to women who worked for the cause. Others received a free flight over Tyler in a Dehaviland “4,” a military biplane from Barron Field, including H. B. Marsh, Arkie Crutcher, and Roy Marsh among others. On April 28 a war tank, copied from the French Renault with a 37mm gun, fully camouflaged, arrived on the train.
from Corsicana to rally bond support and give demonstrations. The next day it went on to Winona and then Lindale, and then returned to Tyler. Finally, on May 7, 1919, the Tyler Daily Courier-Times could proclaim “Victory Loan Oversubscribed in Smith County by $50,000.”

Smith County had gone “over the top” for every Liberty Loan campaign except for the first, for which there was almost no organization and no published quota. The appeal to emotion, patriotism, and community pride had succeeded in raising over two million dollars (over $33,600,000 in 2017) from a largely rural East Texas county to support their young men “over there” in this “war to end all wars.”

Footnotes

1. “Patriotic Speaking Tyler Commercial College 8 P.M.,” Tyler Daily Courier-Times (hereinafter referred to as TDC-T), September 26, 1918, p. 5.
16. “Victory Loan Oversubscribed in Smith County by $50,000,” TDC-T, May 7, 1919, p. 5. The Tyler paper listed the total from five loans, not including the savings certificate and stamp campaign, as $2,320,800, or $49.62 from each man, woman, and child. The United States Bureau of Labor Statistics Consumer Price translates the total to $33,638,554.08 for June 2017, or $719.21 per person.