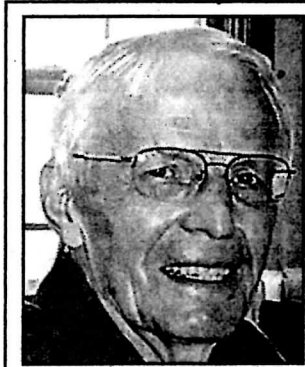


As in the World War I, a key question confronting the federal government was the combination of taxation and borrowing that would be used to finance the war. President Roosevelt favored paying for the cost of the war largely through revenue raised by taxation, but Congress objected, passing a war revenue bill in 1942 that provided for lower taxes than the president had requested, although the income tax was extended to previously exempt moderate income levels. The war cost \$304 billion with about 45 percent paid from current revenues, the remainder from borrowing. War bonds raised about \$135 billion, but only about one quarter of this came from individual purchases of bonds, purchases by corporations and financial institutions, making up the remainder. In addition to providing the government with money to finance the war, bond sales to individuals reduced the amount of money available for consumer spending, helping to control inflation.

Three approaches to selling bonds were used: continuous promotion, payroll deduction, and bond "drives," of which there were seven during the war and one immediately after the war ended. A massive advertising campaign was carried out by the Treasury Department, the advertising industry and Hollywood, through radio, newspapers, posters, and movies; appeals by famous people, popular female movie stars



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and war heroes; and through schools as well as other channels of public communication at the local level. While the purchase of bonds was nominally voluntary, considerable pressure to buy was exerted by the intense advertising, the payroll savings plan, and public opinion. Sooner or later people found out who was not "doing their part," bringing the pressure of public opinion against them, although the draconian measures used during World War I to force people to buy Liberty Bonds were not employed. Most of the bonds sold to the public were "Series E" bonds, in denominations from \$25 to \$1,000. War stamps could be purchased for 10 cents and glued into a booklet until enough had been accumulated to buy an \$18.75 bond that matured in ten years to \$25. There was also a cardboard coin holder into which 75 quarters could be inserted to save \$18.75.

On May 1, 1941 during

the defense preparedness period, President Roosevelt launched a defense savings campaign with a radio broadcast from the White House. At the beginning of the broadcast, he ceremoniously purchased "Defense Savings Bond No. 1," from Secretary of the Treasury Henry Morgenthau, and ten "Defense Savings Stamps" for his grandchildren, from Postmaster General Frank C. Walker. In his remarks the president declared that the defense savings campaign was national, "for it is going to reach down, we hope, to the individual and the family in every community, and on every farm, in every State and every possession of the United States." The defense savings campaign probably "reached down" to Washburn soon after President Roosevelt's speech, but the first article about it did not appear in the Times until the end of December. It reported that the sale of defense stamps from two "Stamp Savings Days" at the local schools amounted to \$134.50.

The seven war bond campaigns during the war years received extensive publicity in the Times. For example, for the second campaign in the spring of 1948 the newspaper appealed to the consciences of its readers with the question in large bold print, "What Are You Waiting For? News Of Washburn Boys Killed, Missing, Wounded, Prisoners? You'll Get Such News—Don't Forget It!" Whether inspired by this fervid rhetoric or not,

the people of Washburn responded generously to the appeals from the government for the financial means needed for the war effort. For each of the eight bond drives from 1942 to 1945, a city chairman was named by the chairman of the county War Savings Staff, while volunteer captains, lieutenants, and salesmen—numbering 52 for the third loan drive, for example—provided house-to-house and business-to-business coverage of the entire city.

The Times published detailed reports about the dollar amounts of bond sales throughout Bayfield County for the bond drives as well as between the drives. Unfortunately, it was not possible to extract accurate figures for bond sales in Washburn from the information included in the Times articles. Washburn included about 15% of the population of Bayfield County in 1940, so it is reasonable to assume that a substantial share of the total bond sales for the county were purchased by people in the city, at the local bank and post office, and by payroll deduction at the Du Pont plant. In six of the seven drives, for which information about total purchases was published, the Bayfield County quotas were exceeded by large amounts—in the second drive, for example, purchases exceeded the quota by over 100%.