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DULUTH--Duluth financier Jay Cooke and the Duluth public schools both played key roles in the early years of the United States Savings Bond programs.

Dr.Cecil Meyers, UMD professor of business and economics, traced the history of "Consumer Savings and the United States Savings Bond" in a Research Trust Fund luncheon lecture Tuesday(April 25) at UMD's Kirby Student Center.

It was Jay Cooke, Dr. Meyers said, who first sold small denomination railroad bonds to the public and later, during the Civil War, fostered the same principle in selling bonds for the federal government to civilians and soldiers.

Meyers said the first period of intensive selling of Liberty Loan bonds took place during World War I, a campaign which was followed by war savings certificates and stamps, which sold as low as twenty-five cents. This program, to finance the war effort, was followed by a school savings drive which continued until 1927. The Duluth schools boasted one of the best school savings programs in the nation at that time.

Dr. Meyers, who has accomplished two major research projects in the field, said the main impetus for the present savings bond program was launched in 1935.

By 1940, Americans had purchased $3,000,000,000(billion) in savings bonds. By 1945, the total climbed to $50,000,000,000(billion); to $58,000,000,000(billion) by 1950 and, in 1960, stood at $47,000,000,000.

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Meyers outlined the broad purposes of the U.S. Savings Bond program: To borrow money for war purposes from all citizens; to broaden the base of public debt; and to maintin this segment of debt in the hands of the original owners to help prevent inflation.

The programs also, Meyers pointed out, helped establish a pattern of interest rates, helped foster the idea of voluntary participation, provide an outlet for patriotic service, and to "mop up" surplus consumer funds for which goods and services were not available during wartime.

Meyers commented that consumer savings are fine until such a program causes a drying up of purchasing, a lag in business activity and, possibly, unemployment. It is at this point, he said, that financial institutions---through loans at reasonable interest rates--- help solve the problem by circulating money needed to keep the economy on an even keel.

The matter of prestige is "practically non-existent in thrift," Meyers found. And broad savings programs must continally "assure the saver of safety and security." Meyers said that, in recent years, there has been an increase in "contractual" "regular" types of savings. "One of the strongest educative effects of governmentally sponsored plans has been this point of slow but steady accumulation" in terms of bond-a-month plans and payroll deductions, he added.

Dr. Meyers said the level of personal savings has been high since the beginning of World War Two and "may be at its most intensive peacetime point" today." In 1929, the average consumer saved 5 per cent of his disposable income; in 1959, 7 per cent; in 1960, 7 1/2 per cent. During World War Two, consumer savings climbed as high as 25 per cent of their disposable income.

Copies of Dr. Meyer's research report can be obtained at the Social Sciences division office at UMD.