

What and Why Is The Liberty Loan of 1917?

Q.—What is the second Liberty loan of 1917?

A.—It is a loan of money by the people of the United States to their government.

Q.—Why does the United States government borrow money?

A.—Because we are forced to defend ourselves against the attacks in American honor and American rights by the German government, and therefore must have money to equip and maintain our army and navy. We need money also in order to lend to those nations with whom we are making common cause in this war.

Q.—Are not the ordinary receipts of our government from taxes, etc., sufficient to do this?

A.—No; the ordinary receipts of the government are about one and a quarter billion dollars a year, while our expenses of the war for the fiscal year ending July 1, 1918, will be over \$10,000,000,000, not including the money which we will lend to our allies.

Q.—How is the government going to raise this large amount of money?

A.—By borrowing from the people and by increasing taxes.

What Is a United States Government Bond?

Q.—When I lend my money to the United States government, what do I get in return?

A.—You get a promissory note given by the United States government and bearing interest. This note is called a "bond."

Q.—What, then, is a United States government bond?

A.—It is the direct and unconditional promise of the United States of America to pay upon a certain date a specified sum of money in gold, together with interest at a specific rate, payable at specific dates until the bond matures, or is called for redemption.

Q.—In what form is the promise?

A.—It is engraved upon a sheet of distinctive paper used only for the money and securities of the United States, and is executed by the Secretary of the Treasury and by the Registrar of the Treasury and sealed with the Treasury Department seal.

Q.—When are bonds of the Second Liberty Loan dated?

A.—November 15, 1917, is the date they will bear, because that is the date on which they will be issued by the government and the date on which interest begins.

Q.—When will these bonds be paid by the government; that is, when will they become due?

A.—November 15, 1942; but the government has the right to pay them any time after 10 years from date of the bond.

Q.—Do I have to hold my bond until the date it is due before I get my money back?

A.—No; you can sell your bond any time you desire. There is always a ready market for United States government bonds.

Q.—How can such a sale be made?

A.—Any bank, trust company, reliable bond dealer, or broker will be glad to sell your bond for you at any time.

Q.—If necessary, could I borrow money on these bonds?

A.—Yes; United States government bonds are the best security which can be offered in borrowing money. They will obtain for you the best terms possible. Ask any bank if you desire to borrow money on your liberty bonds.

Q.—Do I get any interest on my money while it is loaned to my government?

A.—Yes; the government will pay you interest at the rate of 4 per cent a year.

Q.—How do I collect the interest?

A.—Attached to each bond is an engraved sheet of interest coupons, one for each six months' period. When the interest date arrives, you cut off the interest coupon of that date and take it to any bank, where it may be cashed or deposited.

Q.—How often do I get this in-

terest?

A.—Every six months. This interest will be paid you every May 15 and every November 15 during the life of the bond.

Q.—Is there any way I can collect my interest without having to cut the coupons?

A.—Yes; you can get the government to give you a "registered" bond; that is, a bond without any coupons attached and with your name written on the bond; and each six months, as the interest falls due, the Treasury Department will send you a check in payment of the interest.

What Kinds of Bonds Are to Be Issued?

Q.—Then there are two kinds of Liberty Bonds?

A.—Yes; bonds with interest coupons attached, which are called "bearer" or "coupon" bonds, and bonds which do not have coupons attached, which are called "registered" bonds.

Q.—To whom is a coupon bond payable?

A.—A coupon bond is payable to bearer.

Q.—To whom is a registered bond payable?

A.—A registered bond is payable to the person whose name is written on its face and no other person. A registered bond can be transferred from one owner to another by the owner writing name on the back of the bond in the presence of a witness authorized by the United States Treasury Department.

Q.—Shall a married woman use her own name or her husband's?

A.—Her own—Mrs. Mary Brown, not Mrs. John Brown.

Q.—If I should sell my bond, how shall I transfer it to the new owner?

A.—If it is a coupon bond, merely by delivery. Just hand it to the new owner.

Q.—Supposing it is a registered bond?

A.—You must execute the blank form on the back of the bond in accordance with directions there given.

Q.—Suppose a married woman wishes to transfer a bond made out in her maiden name?

A.—She should sign herself "Mary Jones, now by marriage Mary Brown."

Q.—Can I lend any amount to the government and get a bond in return?

A.—No; \$50 is the smallest amount that the government will accept in return for a bond. Coupon bonds are issued in the following fixed denominations: \$50, \$100, \$500, \$1,000, \$5,000 and \$10,000, registered bonds are issued in fixed denominations of \$50, \$500, \$1,000, \$5,000, \$10,000 and \$100,000.

What Is the Security?

Q.—A United States government bond is frequently spoken of as "best security in the world." Why is this true?

A.—Because the promise to pay a government bond is backed by the faith and honor of the United States of America and by the taxing power of this whole country, which is the richest nation in the world.

Q.—Has the United States issued bonds before; and, if so, has it ever failed to pay all of its bonds when they became due?

A.—This government has issued bonds before, and has never failed to pay every bond when it became due with all the interest on same. Even after the Civil War, when the country was suffering from a heavy debt and was not nearly so rich as it is today, all of the government bonds were paid when they became due.

How Far Are These Bonds Exempt From Taxes?

Q.—Are Liberty Bonds exempt from taxation?

A.—The bonds are exempt both as to principal and interest from all taxes imposed by the United States, any State, or any of the possessions of the United States, or by local taxing authority, except:

- (a) Estate or inheritance taxes.
- (b) Graduated additional income taxes, commonly known as surtaxes and excess profits or war-profits taxes now or hereafter imposed by the United States upon the income or profits of corporations, individuals, partnerships, or associations.

The interest on an amount of bonds and certificates, not in excess of \$5,000 in one ownership, is exempt from the taxes provided for in Clause (b) above.

Q.—Does this mean that the

bonds are free from all local taxation?

A.—Yes; the local assessor or tax collector cannot assess these bonds as personal property.

The First Liberty Loan.

Q.—Has our country sold any Liberty Bonds before?

A.—Yes; \$2,000,000,000, bearing 3-1-2 per cent interest, were sold in June, 1917.

Q.—Did the people generally subscribe for these bonds?

A.—Yes; more than 4,000,000 persons bought all of these bonds and offered to buy a billion more than were offered.

Q.—Did all who subscribed for Liberty Bonds get their full subscriptions?

A.—No; the government only asked to borrow \$2,000,000,000 from the people, and therefore only desired to sell \$2,000,000,000 of bonds. As more than \$3,000,000,000 were subscribed for, the Secretary of the Treasury cut down some of the subscriptions.

Q.—Were those who desired to lend small sums to the government—that is, who subscribed to small amounts of bonds—favored?

A.—Yes; all those who subscribed to bonds from \$50 up to \$10,000 were given the full amount.

Q.—How about those who subscribed for larger amounts?

A.—These were cut down so that some of those who subscribed for exceedingly large amounts received only about one-fifth of the amount of their subscription.

Q.—Is the government likely to offer other bonds for sale during the war?

A.—Yes. Q.—Suppose the government offers bonds in the future which will pay a higher rate of interest than 4 per cent?

A.—If so, the holder of a Liberty Bond will have the right to exchange this bond for one bearing the higher rate of interest.

Amount of Present Loan.

Q.—What is the amount of the second Liberty Loan?

A.—The Secretary of the Treasury is inviting subscriptions for \$3,000,000,000 and reserves the right to allot additional bonds up to one-half the amount of any oversubscription.

Q.—How was this bond issue created?

A.—It was authorized by an act of congress and approved by the President of the United States.

How to Buy.

Q.—How much do bonds of the second Liberty Loan cost?

A.—From \$50 to \$100,000, whatever their face value calls for. The law states that these bonds must be sold at not less than "par;" that is, their face value—100 cents on the dollar.

Q.—How can I buy the bonds of the second Liberty Loan?

A.—By filling out an application blank and handing it to any bank or trust company, bond dealer or broker, or to one of the Federal Reserve banks, or to the Treasury Department at Washington.

Q.—When can this application for bonds be made?

A.—At any time from the 1st day of October to the close of business on the 27th day of October, 1917.

Q.—In what form must applications to buy a Liberty Bond be made?

A.—All applications must be in the form prescribed by the Secretary of the Treasury, obtainable at any bank or from a Liberty Loan committee.

Q.—Must the full price of bonds be paid on application?

A.—No; only 2 per cent of the amount you want to buy is required when application is made.

Q.—When must the remainder be paid?

A.—In installments as follows: 18 per cent on November 15, 1917; 40 per cent on December 15, 1917; and 40 per cent on January 15, 1918.

Q.—Can I buy a bond on the installment plan by paying for it weekly or monthly?

A.—The Treasury Department

will not accept payments in this manner, but many banks and a great many employers will sell you a bond and allow you to pay for it in partial payments. If you desire to pay for your bonds in this way, consult your employer or any banker.

Q.—When will the subscribers know how many bonds they will receive on their subscriptions?

A.—The Secretary of the Treasury will announce this about the 6th of November, 1917. This is known as making the "allotment."

Q.—Must all subscribers to Liberty Bonds wait until the allotment is made to know whether or not they will receive their bonds?

A.—No; a subscriber for bonds up to \$1,000 is certain to receive his bond.

Q.—If I desire to pay for the bonds at the time I make my subscription, may I do so?

A.—Yes; you can pay in full for any bonds you buy up to and including \$1,000; but subscribers for more than this amount must wait until the allotment is made.

What You Get.

Q.—If I pay in full for a \$50, \$100, \$500, or \$1,000 bond, do I receive the bond?

A.—Yes; you will receive a bond dated November 15, 1917, and bear-

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ing interest from that date. You will receive it, within a short time after your payment has been made.

Q.—If this bond is a coupon bond, will it have coupons attached?

A.—The bond which you will receive will have four coupons attached, covering the semi-annual interest for a period of two years. After November 15, 1919, and before May 15, 1920, the holder will have an opportunity to exchange this bond for a new bond having a full set of coupons.

Q.—Why are bonds issued in this way?

A.—The work of engraving bonds with a large number of coupons attached is so great that bonds can not be ready for delivery to purchasers with a reasonable time except by reducing the number of coupons.

How to Pay.

Q.—Do subscribers to Liberty Bonds receive particular recognition?

A.—Yes; each subscriber is given a badge of honor in the form of an official button.

Q.—To whom shall I make payments?

A.—Payments can be made to the Treasury Department at Washington or to one of the 12 Federal Reserve banks in cash, by bank draft, certified check, postoffice money order, or express company money order, but subscribers are urged to make all payments on their bonds to the bank with whom they placed their subscriptions.

Q.—What provision is made for the interest accruing on the bonds from November 15, 1917, to May 15, 1918, a six months' period, when final payment on the bonds is not made until January 15, 1918?

(Continued on Page 6.)

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