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, 1943.

CHAIRMAN'S OFFICE



CONFIDENTIAL

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

R&S 100-662
February 26, 1943

Chairman Eccles

War loan organization

David M. Kennedy

In order to handle a war financing program of the magnitude forecast by the President's Budget Message, a single unified war loan organization should be set up. The new organization would supersede the present Victory Fund Committees and War Savings Organization. The Secretary of the Treasury would at the earliest possible time bring in a new man to act as Administrator of the new organization. Acting with the new Administrator, as an executive committee, would be the Secretary of the Treasury, the Chairman of the Board of Governors, and three subordinates to be in charge of sales of Series E bonds, sales of other securities, and advertising. The full committee would include, in addition to the executive committee, the twelve Presidents of the Federal Reserve Banks.

The field organization would be set up on Federal Reserve District lines with the President of the Federal Reserve Bank in charge. He would set up such organization as may be necessary, including an executive assistant, a man to be in charge of sales of Series E bonds, a man to be in charge of sales of other securities, and a man to be in charge of advertising.

The district organization would use the present personnel of the Victory Fund Committees and the War Savings Staff to the extent possible. In some cases because of friction in the past between the Victory Fund Committees and War Savings Staff, it will be desirable to eliminate from the new organization some of the personalities involved. Some of the State heads of the present War Savings Staff could be used to advantage in key positions in the new organization. Those who would not fit into the new organization could perhaps be given other assignments in the Treasury in view of its increased work and the present man power shortage.

At this late hour, however, there is hardly time to complete the proposed organization and get it functioning in high gear for the April drive. The new Administrator would no doubt want time to study the proposed organization and have a voice in the detail of its set up. This would take time. For the April drive, therefore, it is suggested that the National organization at Washington be set up along the lines suggested, but that the District Victory Fund Committees and the War Savings Organizations continue to handle their respective work as in the past. The Victory Fund Committee and Reserve Bank Presidents would have no responsibility for the War Savings Organization. The coordination of the two groups for the April drive would come entirely from Washington. The responsibilities of each organization could be clearly outlined from Washington. Overlapping of responsibility and confusion could be minimized by having the War Savings Organization contact persons with

incomes of perhaps under \$7,500 per year or with small bank accounts. The Victory Fund Committees would handle sales to all others. Perhaps it would be desirable for the National Administrator to have a few men to act as trouble shooters in case friction should arise between the Victory Fund Committees and the War Savings Staff. They could go directly to the Districts and States having difficulty and, under authority from the National organization, iron out the problems in the field.

Mr. Piser concurs in the conclusions expressed in this memorandum.