

THE SECRETARY OF THE TREASURY

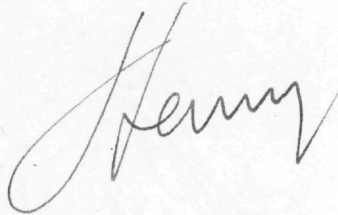
WASHINGTON

April 22, 1942

Dear Marriner:

I am sending you herewith a copy of a very interesting letter which I have received from Sir Frederick Phillips on how they are financing the war in England through the volunteer system.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Henry".

Honorable Marriner S. Eccles,
Chairman,
Federal Reserve Board,
Washington, D.C.

PERSONAL

The Willard Hotel
Washington, D.C.
April 18, 1942

Dear Mr. Secretary,

I passed on to the Chancellor of the Exchequer your enquiry about special campaigns for raising funds in the United Kingdom, and he has now asked me to give you the following message.

The War Ships Week campaign was organized by the National Savings Committee and its Scottish and Ulster counterparts. These central committees are responsible under the Treasury for the conduct of the War Savings Campaign and operate through a network of approximately 1470 voluntary local committees covering the whole of Great Britain and Northern Ireland. Well over 95% of these committees organized a local week during the period of the campaign.

The series is not quite finished, but to date it has raised 526 million pounds. The similar War Weapons Week series in 1940-1941 raised 460 million pounds. The appeal is confined solely to subscribers to War Loans as the Treasury has avoided making any official appeal for gifts to the Exchequer on the ground that this form of patriotism should be left to individual initiative. The series has, however, stimulated a considerable number of gifts and loans free of interest.

The fundamental idea of the Week was to link an appeal for subscriptions to War Loans with the Royal Navy by "adoption" of H:M. ships by the communities holding the week. Each community chose as a target for its week the cost of building a particular class of vessel and a vessel of this class was then allocated to it by name. The week was marked by service and civil defence pageantry centering round this name and special centers for sale of securities were set up throughout the district. If the target figure was reached (as it was in practically every case) the community then "adopted" its warship and a suitable exchange of courtesies and trophies was arranged to mark the occasion.

As regards large and institutional investors it may be that some money which would normally only be made available to the Government on short term loan through the banks (a type of loan which did not count in the Warship Week total) has been diverted to dated loans and has to this extent eased our problem of post war finance, but such diversions should not be exaggerated. The main effect of the week has been to impress upon the general public most forcibly the enormous cost

The Honourable
Henry Morgenthau, Jr.
Secretary of the Treasury
Washington, D.C.

of the war and the consequent necessity for the reduction of civilian consumption to an absolute minimum and for lending the resulting savings to the State. The results of the War Weapons Week series show that we can hope for a further general increase in the level of personal savings. One further result of the Week has been to strengthen the machinery of voluntary local Savings Committees, to introduce new blood into them and generally to act as a tonic to the War Savings Campaign.

Yours sincerely,

F Phillips

May 6, 1942.

Dear Henry:

Thank you for your note of April 22 enclosing the interesting letter from Sir Frederick Phillips.

Considering the scope and weight of the British income tax coupled with compulsory savings, it is remarkable that so fine a response has been obtained from this supplemental appeal to the public.

Sincerely yours,

Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.

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