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Chairman Eccles

David M. Kennedy

The following summary of recommendations in a report on the December drive in the New York district, prepared by Perry E. Hall, Executive Manager, is of interest in connection with the formulation of plans for the April drive.

1. The planning, coordination and direction of all sales of Government securities has now become a task of sufficient magnitude to warrant the appointment of a single director of sales of all Treasury securities, in the Treasury under the Secretary and Under Secretary.

2. The scope of future Victory Loan drives should be greatly broadened to provide for covering the maximum number of prospects. There should be only three--certainly no more than four-- national drives in any twelve months' period, such drives to last at least three, preferably four, weeks. Offerings to the commercial banks should be separated from the drives for non-bank funds. (A minority of the members of the Victory Fund Committee do not agree with this last recommendation.)

3. The respective organizations of the Victory Fund Committee and the War Savings Staff should be integrated under the leadership of the director of sales.

4. For a drive of the necessary magnitude there should be a national coordinated advertising, publicity and sales promotion campaign and the Treasury should be given appropriations by the Congress to provide for a large part of the expenses. Unified direction from the Treasury is essential but there should be a continuation of the present flexibility which allows for local autonomy in the various Districts.

5. At the earliest possible date, the Treasury should determine the time of the next drive and the approximate goal in dollars. (The report suggests a minimum of six weeks' notice to the Victory Fund Committees of the details of the drive.)

6. The securities offered to the public in future drives should be of types suitable for and available in denominations small enough for broad distribution. (The report recommends denominations in the 2 1/2s of as small as $100, since many potential sales were lost because of the large ($500) denomination in December.)

7. The sale of Savings Bonds of Series F and G should be discontinued. If these bonds were not available, sales of the 2 1/2 per cent Treasury Bonds of 1963-68 would be greatly increased. As a substitute for Series F and G Savings Bonds, another form of savings bond could be devised incorporating features which would offset the omission of a "cashing in" privilege.

8. In the December drive the principal sales resistance came from the doubt and confusion in the public's mind with respect to taxes, pay-as-you-earn plans and compulsory savings. An early and clear-cut definitive decision on these points would have a beneficial effect upon the Treasury bond-selling program.

9. The successful December drive confirms the established policy in this District of relying primarily on banks and their organizations and, where available, on investment dealers for sales leadership. In New York City the formation of teams composed of banks and dealers generally proved to be effective. In most cities, however, reliance must be placed wholly or largely on the banks because of the small number of investment dealers.

The report suggested that the Treasury might re-examine the question of allowing purchasers to make payment in installments. We are reaching the stage where many purchasers will have to buy out of anticipated resources.

The report further pointed out that there is too much time wasted determining the question of credit for sales as between Districts. The organization risks putting itself in a bad light with purchasers in allowing sectionalism to get so much emphasis. Consideration should be given to reserving some of the larger corporations which have funds on deposit in the principal cities of the various Federal Reserve Districts for national coverage under direction of a central committee.