

February 23, 1943.

MORGENTHAU, SECRETARY OF TREASURY, WASHINGTON.

Your wire today regarding organization for April drive. Paragraph 1. I revert first to our discussions one week ago, at which time a Treasury War Finance Committee at district level was proposed, and I and other Federal Reserve representatives indicated our objections to this arrangement. We said (1) that it perpetuates and seems to sanction the present dual set-up merely imposing at the top a coordinating committee; (2) that it tends to freeze a type of organization at a time when a National Director of Sales is to be appointed who should have a chance to determine with you the best type of organization; (3) that it does not take sufficient account of the difficulties of bringing the two existing organizations together under joint leadership at the district level, given their past history and their organization on different geographical lines; and (4) that responsibility for the April drive should be placed in one of the two existing organizations and the other should be directed to help the drive in any way possible and to coordinate its work with the drive in so far as possible.

Paragraph 2. At your invitation, the executive heads of the War Savings Staff and the Victory Fund Committee for the Second Federal Reserve District met at Washington on Saturday, February 20. After a full discussion of the situation, we presented to you our unanimous suggestions for the April drive, which included the following: "A directive be issued by the Secretary of the Treasury to each State Administrator of War Savings organizations to offer to the President of each Federal Reserve Bank the services of the Administrator and his organization. He will direct his own staff under direction of Federal Reserve President for month of April only." This would place executive responsibility for the April drive in the Presidents of the Federal Reserve Banks, but would preserve the identity of the War Savings Staff and assure the immediate direction of that organization's workers by its own Administrators. A similar proposal was agreed upon by the War Savings Staff and Victory Fund Committee representatives of the 7th or Chicago Federal Reserve District on Friday last. We made it clear that our proposals did not contemplate committees at the district level and that we do not think such committees would be desirable. At the time we thought these proposals met with your favor.

Paragraph 3. Organization of new district committees as set forth in your wire while the existing War Savings Staff and Victory Fund Committees still remain in existence would, it seems to me, create new confusion in the public mind and not lead to the kind of organization the situation demands. It would create joint or committee responsibility for the April drive where there should be single or executive responsibility. The new committees would be charged with direction of drives and with working out the details of each organization at State, County and community levels. Only when plans are complete is there reference to workers being welded into a combined effort under the direction of the Presidents of the Federal Reserve Banks. This poses a job of coordination which I strongly believe will lead to further delays and further division of counsel when time is pressing and need for prompt decisions will increase.

Paragraph 4. I strongly urge, therefore, that you reconsider the joint proposals of the War Savings Staff and Victory Fund Committees of the Chicago district and this district, submitted to you Friday and Saturday, which go much more directly to the heart of the problem and will be much more likely to contribute to a successful drive in April than will the organization proposed in your wire. Failing favorable consideration of the proposals we submitted, I suggest that the drive either be postponed until May and that meanwhile one permanent Treasury War Finance Committee be set up, or if this is impracticable why not proceed in April with the two existing organizations, as we did in December, with the aid of a national publicity program promoting the sale of all Government securities, but without further attempt to splice together these organizations at the district level.

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