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STRICTLY CONFIDENTIAL

POPULAR FINANCING CAMPAIGN

It is suggested that the Treasury announce not later than November 16 that beginning on November 23 there would be offered to the public other than commercial banks 2 1/2 per cent bonds, 1 3/4 per cent bonds, and 7/8 of 1 per cent certificates. The sale of these securities and of the tax notes would be vigorously promoted by the Victory Fund Committees. The books would be kept open for about two weeks, but could be closed sooner at the discretion of the Secretary. The two bond issues would be dated November 24 and the certificates December 1. The goal would be placed at not less than 5 billion dollars, and as much more would be sold as possible.

Prior to the closing of the books the 1 3/4 per cent bonds and the 7/8 of 1 per cent certificates would be offered for subscription by commercial banks. The amount that would be offered to commercial banks would be sufficient to bring total subscriptions to 10 billion dollars. The maximum amount available to commercial banks would be 5 billion dollars, and it would be one of the objectives to reduce this amount by as much as possible.

It is estimated that sales of tax notes would total 1.5 billion dollars, of certificates 1.0 billion dollars, of 1 3/4 per cent bonds 1.0 billion, and of 2 1/2 per cent bonds 2.0 billion. These figures total 5.5 billion dollars and might be pushed as high as 6.0 billion. In that event the commercial banks would take 4.0 billion dollars. The 10.0 billion dollars of funds from the drive together with 2.0 billion dollars from savings bonds and 1.2 billion from bills would leave the Treasury with a balance of about 7 billion at the end of December. It would not be necessary for the Treasury to enter the market again until late in January.