

**FEDERAL RESERVE BANK
OF DALLAS**

Dallas, Texas, January 22, 1942

To all Banks in the Eleventh Federal Reserve District:

Recurring rumors that the Federal Government intends to confiscate all savings deposits are being circulated in many parts of the country. The continued circulation of such rumors might lead to the withdrawal of savings deposits or the hoarding of funds which ordinarily would find their way into banks as deposits. In connection with these rumors, Secretary of the Treasury Morgenthau recently made the following statement:

"I wish to state most emphatically that there are no foundations whatever for such rumors. The Federal Government does not have under consideration any proposal involving the confiscation of the savings deposits of this country for any purpose. Furthermore, anyone circulating rumors of this character is acting against the welfare of the nation."

The importance of financing the war effort to the greatest possible extent from current income rather than from accumulated savings has been repeatedly emphasized by the Treasury Department. In furtherance of that policy, efforts are being made to encourage all employers to adopt a payroll allotment plan for the sale of Defense Savings Bonds to their employees, because that is regarded as one of the essential steps in combating the development of inflationary tendencies.

Your bank is at liberty to make whatever use of this material its local situation may seem to warrant, and there is no objection to the publication of Secretary Morgenthau's statement if it is used in its entirety.

Yours very truly,

R. R. GILBERT

President

